

Minimizing legal risks under COVID-19

PRACTICAL GUIDANCE

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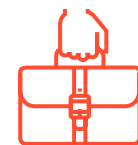
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Minimizing legal risks under COVID-19

ALRUD's practical guidance

Dear Ladies and Gentlemen!

The global spread of COVID-19 coronavirus infection has led to significant changes in social, political and economic processes in Russia and around the world. Government authorities are responding and introducing measures to combat the spread of coronavirus infection to ensure sustainable economic development and support to citizens in the face of the pandemic.

At the same time, the initiation of restrictive measures has a number of economic and legal implications for commercial activities of organizations. In such circumstances, companies need to respond quickly to legislative changes and adapt their business-processes in accordance therewith, to minimize or completely eliminate the legal risks.

In this Guide ALRUD experts have analysed the key commercial, regulatory, tax, antitrust and labour risks and prepared practical recommendations that will assist company executives, heads of legal, financial and administrative departments

to effectively manage these risks and build business processes under conditions of crisis.

We have also created a special section on our website that is regularly updated, to keep you informed on the latest changes associated with the spread of the coronavirus – [COVID-19: What you need to know](#).

We hope that the information provided in this practical guide will be useful to you.



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Performance of contractual obligations

How does the current situation affect the performance of obligations under commercial contracts?

The new coronavirus pandemic (2019-nCoV) and the introduced restrictive measures have caused difficulties in performance of international and domestic, commercial contracts.

In such circumstances companies face the challenge: what mechanisms and tools to use in order to ensure proper performance of obligations or to limit liability, if the performance has become impossible or unprofitable. Frequently, there is no clear understanding on which conditions new contracts entered into for securing protection of the economic interests of the parties and distribute associated material risks in the current situation.

Many companies primarily focus on the concept of 'force majeure'. However, such a tool may be inapplicable to specific legal relationships and often does not result in the effect expected by the parties. Depending on the circumstances of entering into new contracts and the expectations of the parties, other contractual instruments and tools could be more effective.

? Practical issues and questions

- A** How to suspend the performance of a contract without a risk of contractual liability (penalties, fines, interest and other measures)?
- B** How to alter or terminate a contract, if the performance of a contract has become too onerous or impossible in the current situation?
- C** How to comply with currency control legislation in connection with nonperformance of obligations, under international contracts?
- D** What conditions should be included into the new contracts entered into during the period of restrictive measures imposed in connection with the spread of 2019-nCoV?

! Recommendations of ALRUD

- A** To review the terms and conditions of previous contracts in the context of force majeure or material change in circumstances (including conditions that exclude the use of these instruments, procedure for notification of the parties, conditions of distribution of risks related to unforeseeable circumstances, etc.).
- B** To prepare written notifications to the counterparty on the impossibility to perform the contract on agreed terms together with a proposal to suspend, alter or terminate the contract.
- C** For litigation purposes we recommend collecting the evidence of force majeure events in advance (in particular, to apply to the Chamber of Commerce





Performance of contractual obligations

and Industry of the Russian Federation and / or its territorial authorities for obtaining a certificate or report on force majeure), as well as to obtain the counterparty's written refusal from the offer to suspend, alter or terminate the contract due to the force majeure.

D If the products being delivered under the contract during the pandemic relates to imported goods subject to exemption from customs duties, it is possible to raise a question of changing the prices for such products.

E To assess the risks of liability for non-compliance with currency control requirements for international contracts and to ensure preparation of necessary documents to minimize the risks.

F In new contracts being entered into during the pandemic,

it is important to pay attention to the terms of unilateral termination of the contract, as well as the allocation of material risks in connection with nonperformance of the contract between the parties inter alia, by implementing representations and warranties, compensation of, property damages (indemnities) and unilateral refusal to perform and/ or to alter the contract).

Materials on the topic



IMPACT OF CORONAVIRUS
(COVID-19) ON CONTRACTUAL
OBLIGATIONS

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Real estate and lease

Major legislative changes

The coronavirus pandemic and the decisions taken therewith by the government authorities have considerably influenced the performance of lease obligations.

An objective consequence of the authorities' measures aimed at preventing the spread of a new coronavirus infection for leased properties is full, or partial inability to use certain facilities (e.g., non-food retail), a significant change in the financial performance of some facilities (e.g., grocery retail in shopping malls beyond walking distance), material difficulties in the use of facilities (e.g. office premises).

In this regard, the Russian Government authorities have adopted a number of measures for further regulation of lease relations:

- A [The Federal Law of April 1st, 2020 No. 98-FZ "On Amendments to Certain Legislation of the Russian Federation on prevention and recovery of emergencies"](#) has established a possibility to delay payment, or reduce the amount of rent under lease agreements in certain circumstances.

- B [The Government Decree of April 3rd, 2020 No. 439 "On setting requirements for conditions and terms of deferred-payment periods, for rent under real estate rental contracts"](#) has established additional requirements for deferred-payment periods under real estate leases.

- C [The Order of the Russian Government of March 19th, 2020 No. 670-r "On Measures to support small and medium-sized enterprises"](#) introduced a possibility of obtaining a delay in the payment of rent, by the tenants of federal property that relate to small and medium-sized businesses.

- D [The Government Decree of the City of Moscow of March 24th, 2020 No. 212-PP "On measures of economic support under the high-alert regime"](#) enables organizations and individual entrepreneurs engaged in activities in the areas listed in this Decree to obtain an exemption from rental payment for land and non-residential facilities owned by the City of Moscow.

? Practical issues and questions

- A How a lessee can apply the new contractual opportunities provided by the [Federal Law of April 1st, 2020 No. 98-FZ "On Amendments to Certain Legislation of the Russian Federation on prevention and recovery of emergencies"](#), especially in a situation, where the operation of the facility has been maintained, but the profitability has fallen?
- B Can the lessor object to delaying and/or reducing the rental payment, or independently determine the amount of such a reduction, under the Federal Law of April 1st, 2020 No. 98-FZ?
- C What other contractual instruments do the lessee and the lessor have, in addition to the measures that have been introduced by the government, in the face of the coronavirus?





Real estate and lease

! Recommendations of ALRUD

- A** To thoroughly consider the provisions of lease agreements, in order to establish all applicable clauses, procedures, and formalities. Many lease agreements include rules governing the relationship of the parties during a period when business operations are impossible, force majeure clauses, notice clauses, and other provisions that may be applicable directly, or similarly. It is important to build a position and act in accordance with the requirements of the lease agreement, which may contain necessary mechanisms for rental reduction (e.g. associated with inability to use the property).
- B** Lessees should take a proactive position, send notices that support the requirement about

rental deferral and/or reduction, with a respective supplemental agreement attached. The amount of rental reduction can be confirmed by own calculations of the lessee himself, as well as by experts involved. The Government Decree No. 439 allowed the lessees to use the tools which are mandatory for lessors in some cases: reduction of deferral of payments, as well as of additional arguments in support of the need for reduction of rental rates deferral period.

- C** It is advisable for lessors to challenge the proposed reduction in rental fees, and the amount of such a reduction, taking into account the uncertainty of provisions of the Federal Law of April 1st, 2020 No. 98-FZ in this respect.

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Materials on the topic

SUPPORT MEASURES DUE
TO CORONAVIRUS INFECTION:
COMMERCIAL PROPERTY LEASE
AGREEMENTS

Language: Russian



Bankruptcy

Imposing a moratorium on bankruptcy

On April 3rd, 2020, the Russian government declared a moratorium on initiating of bankruptcy cases for 6 months. At the same time, it is possible that the moratorium will be extended for a longer period.

Furthermore, on March 18th, 2020, Russian Prime Minister M.V. Mishustin, instructed the Russian Federal Tax Service, government-owned corporations and other public agencies to postpone filing for bankruptcy against all their debtors until May 1st, 2020.

The moratorium applies to:

- A** Persons, whose main activities are among the areas most affected by coronavirus: transport, culture, leisure and entertainment, tourism and hospitality, catering, personal services, sports and education;
- B** Persons included in the list of systemically-important organizations, or in the list of strategic enterprises and public companies, as well as in the list of strategic organizations that

ensure the implementation of the Unified State Policy in the sectors of the economy;

In addition, the Russian Federal Tax Service has created a service on its portal, through which it is possible to identify companies that are subject to the six-month moratorium, on commencement of bankruptcy cases.

Persons that fall under the moratorium have the right to waive the moratorium in order to be able to pay out dividends / allot profits and not to be subject to other restrictions of the moratorium. This waiver is executed by publication of the relevant notification on the FEDRESURS (Unified Federal Register of Legally Significant Information on Operations of Legal Entities).

The main consequences of the moratorium:

- A** Impossibility of creditors to introduce bankruptcy proceedings (filings for bankruptcy are subject to return by courts, notices of intent to file for bankruptcy become ineffective);
- B** Impossibility of enforced debt recovery (enforcement proceedings are suspended and it is forbidden to enforce pledges);

- C** Suspension of financial sanctions on debtors' debts;
- D** Prohibition on exit of shareholders from the debtor company and payment of the real value of their share, introduction of a ban on dividend payments and profit distribution;
- E** In the event of initiation of bankruptcy proceedings within 3 months after the end of the moratorium, the suspect period and preference periods are extended to include the duration of the moratorium and the period between the end of the moratorium and the initiation of the bankruptcy proceedings with respect to the debtors that were subject to the moratorium;
- F** A number of additional restrictions on business activities and procedural restrictions have been imposed.



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Bankruptcy

? Practical issues and questions

- A How to ensure effective management of problematic debts during the moratorium on bankruptcy?
- B How to minimize risks of interaction with debtors that are subject to the moratorium?
- C How to use the moratorium for debt restructuring of a group of companies?

! Recommendations of ALRUD

- A To carry out mandatory checks on all debtors and counterparties to see if they are subject to the moratorium on bankruptcy.
- B To exercise maximum scrutiny in concluding transactions with persons under the moratorium, including review of the solvency and the risk of potential bankruptcy of the counterparty,

as well as to eliminate transactions that potentially can be challenged under bankruptcy law.

- C Not to initiate set-off claims against counterparties that are subject to the moratorium.
- D To carry out preparatory activities for collecting the debt and initiate bankruptcy proceedings, after the moratorium is lifted:
 1. compliance with pre-trial procedure, if it is obligatory;
 2. debt collection through the court (the moratorium does not prohibit the collection of debt through court actions);
 3. imposition of arrests on the debtor's assets (the imposition of a moratorium neither prevents new arrests, nor quashes previously imposed arrests);
 4. making preparations for the publication of a notice of intent to file for bankruptcy

on the first day after the moratorium is lifted, etc.

- E To refrain from paying dividends, the real value of the share, the distribution of profits in companies to be affected by the moratorium.
- F To exercise control over the actions of the management of companies subject to the moratorium, with respect to actions/transactions that may be challenged, or constitute grounds for subsidiary liability of controlling persons in the subsequent bankruptcy of the company.
- G To implement pre-trial debt restructuring with creditors (conclusion of inter-creditor agreements, obtaining consent for approval of settlement agreements after the bankruptcy, etc.).

Materials on the topic
MORATORIUM ON BANKRUPTCY

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Dispute resolution

Closure of courts

Due to the spread of a new coronavirus infection (2019-nCoV) in Russia, the work of courts was temporarily suspended up to and including May 11th, 2020.

Courts are not holding trials of most cases, except for certain categories of urgent cases. The acceptance of documents and access to courthouses are limited.

Some courts of general jurisdiction continue considering the cases on the merits; therefore, it is necessary to check matters on a case-by-case basis.

Also, courts have a right to hold hearings on any category of cases, taking into account the opinion of persons involved in the case and the emergency regime applied in the relevant region. If there is a technical possibility and taking into account the opinion of persons involved, it is allowed to conduct court sessions using video-conferencing or web-conferencing (such sessions have already been held in the Supreme Court of the Russian Federation and some regional courts).

Leading Russian arbitration institutions (International Commercial Arbitration Court (ICAC) and Maritime Arbitration Commission (MAC) at the

Chamber of Commerce and Industry of the Russian Federation, Russian Arbitration Center at the Russian Institute of Modern Arbitration, Arbitration Center at the Russian Union of Industrialists and Entrepreneurs) have switched to remote mode of operation – accept documents electronically, hold hearings via video-conferencing, etc.

The Russian Supreme Court also explained that non-working days in the period from March 30th to April 30th 2020 are included in the procedural terms / deadlines for performance of obligations / limitation periods and do not serve as a reason to postpone the day of expiry of these terms to the next working day. At the same time, the procedural deadlines missed due to the introduced restrictive measures may be restored, including the deadlines set in bankruptcy cases.

? Practical issues and questions

- A How to minimize the risk of hearing a case in the absence of either party, if the hearing will be held despite the suspension of the operation of courts?
- B How to avoid failure to comply with the procedural terms and limitation periods, established by law?
- C How to avoid a significant workload of the legal department after the court suspension period ends?





Dispute resolution

! Recommendations of ALRUD

- A** It is mandatory to clarify the working regime of courts and information on the postponement / video-conferencing / web-conferencing of a particular court hearing by enquiries to assistants to judges/court secretaries.
- B** To regularly monitor the publication of court's rulings on postponement of the court hearings under ongoing cases.
- C** When courts still intend to conduct the court hearing, or in the absence of sufficient information on postponement – to apply for the postponement of court hearings due to the spread of coronavirus and/or to file objections to consideration of cases in the absence of representatives of the respective party.
- D** If it is necessary to participate in a court session – to submit

petitions for holding the meeting by means of video-conferencing or web-conference.

- E** When filing documents in court and calculating all procedural time limits or limitation periods, to proceed from the general procedure for calculating these terms, without taking into account the announced non-working days.
- F** If there is an opportunity to work remotely, to prepare in advance all necessary procedural documents and/or evidence for upcoming and/or ongoing trials, and continue holding pre-trial correspondence with counterparties according to the standard procedure.

i Materials on the topic
**RUSSIAN COURTS SUSPEND WORK
AS PART OF PREVENTION OF THE
CORONAVIRUS INFECTION SPREAD**
Language: Russian

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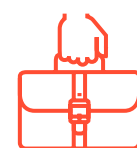
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Labour relations. Migration issues.

How does the current situation affect the regulation of labour and migration relations?

In connection with the spread of a new coronavirus infection (COVID-19) in Russia, the Decree of the President of the Russian Federation of April 2nd, 2020 (Presidential Decree) established non-working days, with full payment to the employees, until April 30th, 2020 inclusive. On April 28, 2020 the President of the Russian Federation prolonged the non-working period until May 11th, 2020. The non-working period may be prolonged after May 11th, 2020 considering the further spread of the coronavirus infection (COVID-19). The Ministry of Labor of the Russian Federation has published on its website [Recommendations](#) (and [addenda](#) thereto) for employees and employers in view of the Decree of the President of the Russian Federation of March 25th, 2020 No. 206 “On the announcement of non-working days in the Russian Federation”. In addition, in many regions of Russia, the home lockdown regime for all residents, regardless of their age, was introduced for the duration of the Presidential Decree. One of the

exceptions (when an individual may leave the place of his/her residence) is travel to and from their place of work, which is not suspended under the Decree of the Mayor of Moscow. Regulatory acts have been adopted in almost all regions of the Russian Federation and can be found on the official websites of regional governments.

The non-working day mode [does not apply to employees of a number of organizations](#), included in the list of exceptions.

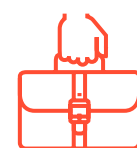
The Decree does not apply either to the companies defined by the decisions of the regional governments, subject to the sanitary and epidemiological situation and features of the spread of the new coronavirus infection (COVID-19) in this region of the Russian Federation. For instance, in Moscow, this norm can be interpreted in such a way that companies which activities are not directly prohibited by the [Decree of the Mayor of Moscow dated March 5, 2020 No. 12-UM “On the introduction of a high availability regime”](#), taking into account [additions](#) and [amendments](#) thereto, can continue operations in the office, subject to strict compliance with sanitary and epidemiological requirements.

According to [the latest version of the Decree of the Mayor of Moscow of March 5th, 2020, No. 12-UM “On introduction of a high-alert regime”](#), companies, which continue operations, must ensure compliance with social distancing and disinfection of premises, as well as define the number of employees who are subject to remote work and who are not, and employees, who are transferred to the non-working day regime with full pay. This information, together with information about the types of performed activities and location, should be provided electronically in the official format to the e-mail organization_size@mos.ru.

In accordance with the position of the Ministry of Labour of the Russian Federation, non-working days do not apply to weekends, nor to non-working holidays, so payment is made [at the usual rate](#), rather than an increased amount. If the employee is on leave, the non-working days are not included in the number of vacation days and the leave for these days is not extended.

Moreover, the Decree of the President of the Russian Federation implies a moratorium on dismissals during the non-working period.





Labour relations. Migration issues.

According to [the explanations of the Russian Federal Labour Service](#) (“Rostrud”), termination of employment contracts with non-working employees during this period is possible only on their own initiative, if the employer is ready and can accept the resignation letter from the employee, by mutual consent of the parties, as well as due to the expiration of fixed-term employment contracts.

Furthermore, temporary rules for the registration of sick-leave certificates have been approved. Electronic sick-leave certificates are issued remotely, and payments are made directly by the Social Insurance Fund, for the entire period.

On March 16th, 2020, the Russian Government ordered [the temporary restriction of entry into the country by foreign nationals and stateless persons](#), including foreigners entering the Russian Federation through Belarus. According to the current regulation, the restriction is valid from 00:00 March 18th, 2020 until 00:00 May 1st, 2020. The Order also provides for a limited list of exceptions.

As of March 18th, 2020, the migration authorities stopped accepting applications for work permits

and work visa invitations, as well as student visa invitations, for all foreign nationals. Issuance of all types of work permits, including HQS work permits, are also temporarily suspended. Exception is made only for those [who have already arrived and are in Russia](#).

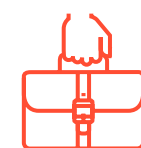
On April 18th, 2020, the Russian President signed [a Decree](#) establishing a temporary procedure for hiring foreign nationals in Russia and suspension of migration terms. [Temporary rules](#) apply from March 15th until June 15th, 2020. During this period employers who observe the necessary sanitary and epidemiological measures are able to hire both foreign nationals who arrived in Russia on a visa, but not having work permits and foreign nationals who arrived in Russia from visa-free countries and not having migration patents. Employers hiring foreigners from visa countries shall have permission to attract and employ foreign nationals. In addition, the validity period of migration documents for all foreign nationals, legally residing in Russia, is automatically extended (if such a period expires in the specified period).

? Practical issues and questions

- A How to check whether the company falls under the exceptional criteria? What companies are (regarded as) continuously-operating?
- B Can employees opt out of work during non-working days? Can employees refuse to be sent to on a business trip?
- C How to formalize employees’ work during the paid non-working period?
- D How to transfer employees to remote work?
- E How to switch to electronic paperwork and to use electronic signatures with employees?
- F How to protect the employer’s information assets? What needs to be done?



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Labour relations. Migration issues.

- G** How to reduce costs in the sphere of human resources management in the current situation?
- H** How should the employer properly comply with the requirements of migration legislation in the new realities?

! Recommendations of ALRUD

- A** Identify the mode of operation of the organization, transfer employees to remote work, if possible.
- B** Arrange properly the transfer of an employee to remote work, and formalize necessary documents, even if it is required only for a short period of time.
- C** Provide mechanisms to control employees and build effective communication.
- D** In the event of continuing to work in the office, not only comply with mandatory sanitary and epidemiological requirements, but also decide, for the purpose of reducing risks of responsibility of the management, which of the employees will be responsible for specific actions.
- E** Companies that continue their work during non-working days should identify and review regional requirements for obtaining permits/notification of government authorities about continuing their activities.
- F** Identify the company's risk zones and unveil potential types of liability for both the company and its officers, in the event of a "worst-case scenario".
- G** Despite the current situation, employers must continue complying with the requirements

of migration legislation, including timely providing all necessary reporting on foreign national employees to migration authorities. If the documents cannot be submitted in person, they should be sent by post.

Materials on the topic



LATEST NEWS ON LEGISLATIVE
CHANGES

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Banking and finance

Risks of denial of funding

Measures, taken by the Russian authorities to prevent the spread of coronavirus, may significantly affect the responsibilities of parties within financial documentation and impact the process of entering into new financial transactions.

At the moment, the anti-crisis measures on granting delays and other benefits to corporate borrowers are limited and are being applied only to small and medium-sized businesses operating in the areas most affected by the coronavirus epidemic (transport, sports, education, etc.).

The said businesses have a right to apply to their banks for a grace period of up to 6 months under facility agreements concluded on, or before, April 3rd, 2020. During this grace period the borrower has the right not to pay both the principal amount of facility and the interest (which will continue to be accrued). The bank has no right to apply any penalties for non-payment, accelerate facility, enforce any related pledge and/or provide claims to guarantors. It is worth

noting that during the grace period the creditor's obligations to provide cash are suspended. However, if business-restrictive measures are maintained, the list of economic support measures may be expanded.

In the current climate many banks may significantly revise their approaches to valuation parameters for potential borrowers and reduce the number of approved loan applications. The Bank of Russia has already recognized this situation and warned against any reduction of lending.

In addition, under a concluded facility agreement the bank has the right to refuse to provide funds, if there are circumstances apparently indicating that amounts provided to a borrower will not be repaid in time. Existence of these circumstances is determined by the bank independently, and in the event of an illegal refusal to provide a loan, the current judicial practice proceeds from the fact that it is impossible to oblige banks to provide funds (though borrowers have the right to recover damages).

? Practical issues and questions

A How borrowers may reduce the risk of non-performance under facility agreement in the current situation? What additional tools can borrowers use?

B Which aspects shall be taken into consideration in existing facility documentation and when entering into a new financial transaction?



Banking and finance

! Recommendations of ALRUD

- A** When seeking financing, there is a risk that, due to the transfer of employees of most banks to remote work, the facility documentation harmonization process may be delayed and loan disbursement may not occur within the necessary time frame.
- B** If the consent of management bodies of either party, or third parties, is required to sign financial documentation, it is necessary to make sure that the said consent will be valid, if the date of signature of documentation is postponed due to the coronavirus epidemic.
- C** We advise to review the terms of existing contracts with a view to any borrower's obligations, or cases in which the lender is entitled to demand early repayment, or require additional

collateral, and which may be affected by the coronavirus epidemic (e.g., financial covenants, obligation to notify of any events that adversely affect borrower's operations, right to accelerate the facility as a result of any events, which have adverse effect on borrower's operations).

- D** If there are risks of non-performance, or improper performance, of any obligations under facility agreements, it is advisable to start negotiations with lenders well in advance and discuss a possible restructuring of the loan, obtain a waiver and/or introduce changes to the financial documentation that will set lower requirements to borrowers, during a certain grace period.

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Materials on the topic

EFFECT OF CORONAVIRUS
(COVID-19) ON THE PERFORMANCE
OF CONTRACTUAL OBLIGATIONS



Capital markets

How the current situation has affected the activities of issuers and professional participants in the securities market?

The adoption of restrictive measures to combat the spread of coronavirus may have an impact on the interaction process of companies with the regulator and trade organizers, as well as the timing of appropriate disclosures by issuers of securities.

The relevant restrictions may also affect the duration of preparing the reports, and fulfillment of other regulatory requirements, by professional participants of the securities market.

According to the [Bank of Russia's Information of April 3rd, 2020](#), in the context of the announcement of non-working days from April 4th through May 11th, 2020, public joint-stock companies must:

1. disclose the list of affiliated persons for Q1 2020 on, or before, May 7th, 2020; and
2. publish annual accounting (financial) statements for 2019 on, or before, May 12th, 2020.

Also, under the Federal Law of April 7th, 2020 No. 115-FZ, there were changes in the time periods relating to disclosure of consolidated financial statements, or financial statements by issuers of securities in accordance with Article 30 of the Federal Law On the Securities Market:

1. the issuer's annual consolidated financial statements, or annual financial statements for 2019, together with the audit report – no later than 210 days after the end of the reporting year;
2. interim consolidated financial statements, or interim financial statements of the issuer for the six months of 2020, together with an audit report or other review document – no later than 180 days after the end of the reporting period for which such report is compiled.

In accordance with the [Letter of March 23rd, 2020 No. 015-55/2060](#), the Bank of Russia provides for measures to support professional participants in the securities market, as well as trade organizers, clearing organizations, and repositories, including the following:

1. suspension of inspections of these organizations and their self-regulated organizations, as well as of implementation of on-site inspections, until July 1st, 2020;
2. non-application of measures for non-compliance with the reporting procedure from January to June 2020, involving the forms of supervisory, statistical and accounting (financial) reporting; and
3. up to January 1st, 2021, right to reflect in accounting records, at fair value defined as of March 1st, 2020, all equity and debt securities purchased prior to the specified date, as well as at fair value as of the date of purchase, debt securities purchased during the period from March 1st to September 30, 2020.



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Capital markets

? Practical issues and questions

- A How to minimize the risks of being held liable for failure to file reports and other documents with the regulator within the statutory deadlines?
- B What reports should professional participants of the securities market prepare first?

! Recommendations of ALRUD

- A To provide the documents electronically to the Bank of Russia and the Moscow Exchange, as well as to other professional participants of the securities market;

In particular, under the Federal Law On the Securities Market, this opportunity is provided when sending documents for registration of an issue

(or an additional issue) of issue-grade securities to the Bank of Russia and a registration entity, reports on the results of the issue (additional issue) of issue-grade securities to the Bank of Russia, materials for the general meeting of bondholders – to the registrar or depository.

For the purpose of electronic interaction with the Bank of Russia, the issuer of securities can open a personal account on the official website of the Bank of Russia.

- B The easing of regulations with regard to the reporting by professional participants of the securities market does not apply to reporting forms 0420413, 0420415, 0420420, 0409711. It would be reasonable to prepare these forms first.

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Corporate and M&A

How the current situation has affected the annual meetings of participants of commercial entities, as well as the continuity of business processes of all Russian companies?

The introduction of restrictive measures to combat the spread of coronavirus has resulted in the situation that many Russian joint-stock companies (JSC) and limited liability companies (LLC) face difficulties in holding their annual meetings as the peak of the virus spread bloomed in April, which, according to the President's Decree, was declared as completely non-working.

Business processes (making payments, extending the powers of sole executive bodies (CEO) and members of other bodies, extending powers of attorney, compliance with legal time frames, etc.) in Russian companies, obviously, have not stopped, and the task of all companies is to ensure their continuity in conditions of isolation and restrictive measures.

The Federal Law No. 50-FZ (the Law) (except for some of its provisions) has amended the procedure

for General Meeting of Shareholders (GMS) in 2020. Now a GMS, which is scheduled to consider approval of annual reports and annual financial statements, and extraordinary GMS in 2020 may be held via absentee voting procedure.

Please note that the Law does not apply to other legal forms of legal entities, nor to other meetings (e.g., the annual meeting of owners of participatory interests of Closed Investment Funds), which are obligatory to be held as provided for by law.

Furthermore, the Law has introduced a number of the following measures, easing corporate requirements for companies in 2020:

1. Reducing the value of net assets of a LLC, or JSC below the amount of share capital by the end of 2020 does not entail the obligation to reduce the share capital, nor liquidate the company;
2. Annual consolidated financial statements in 2020 are to be submitted within 180 days after the end of the reporting year;
3. Public JSCs can buy back their shares from the stock exchange in 2020 under a simplified program through a broker and at a market price.

In addition to the Law, on April 3rd, 2020, the [Central Bank of the Russian Federation issued clarifications](#) stating that the in-person form of an already-organized GMS can be changed to the absentee form, by the body which summoned the GMS. At the same time, it is necessary to inform shareholders immediately about the change in the form of the meeting.

Also, on April 7th, 2020, Federal Law No. 115-FZ came into force, under which annual GMSs and general meetings of participants (GMPs) are allowed to be held during a period until September 30th, 2020.





Corporate and M&A

? Practical issues and questions

- A How, and in what form, should annual general meetings be held?
- B What is the time frame for holding annual general meetings?
- C How to ensure the continuity of business processes under isolation and restrictive measures?

! Recommendations of ALRUD

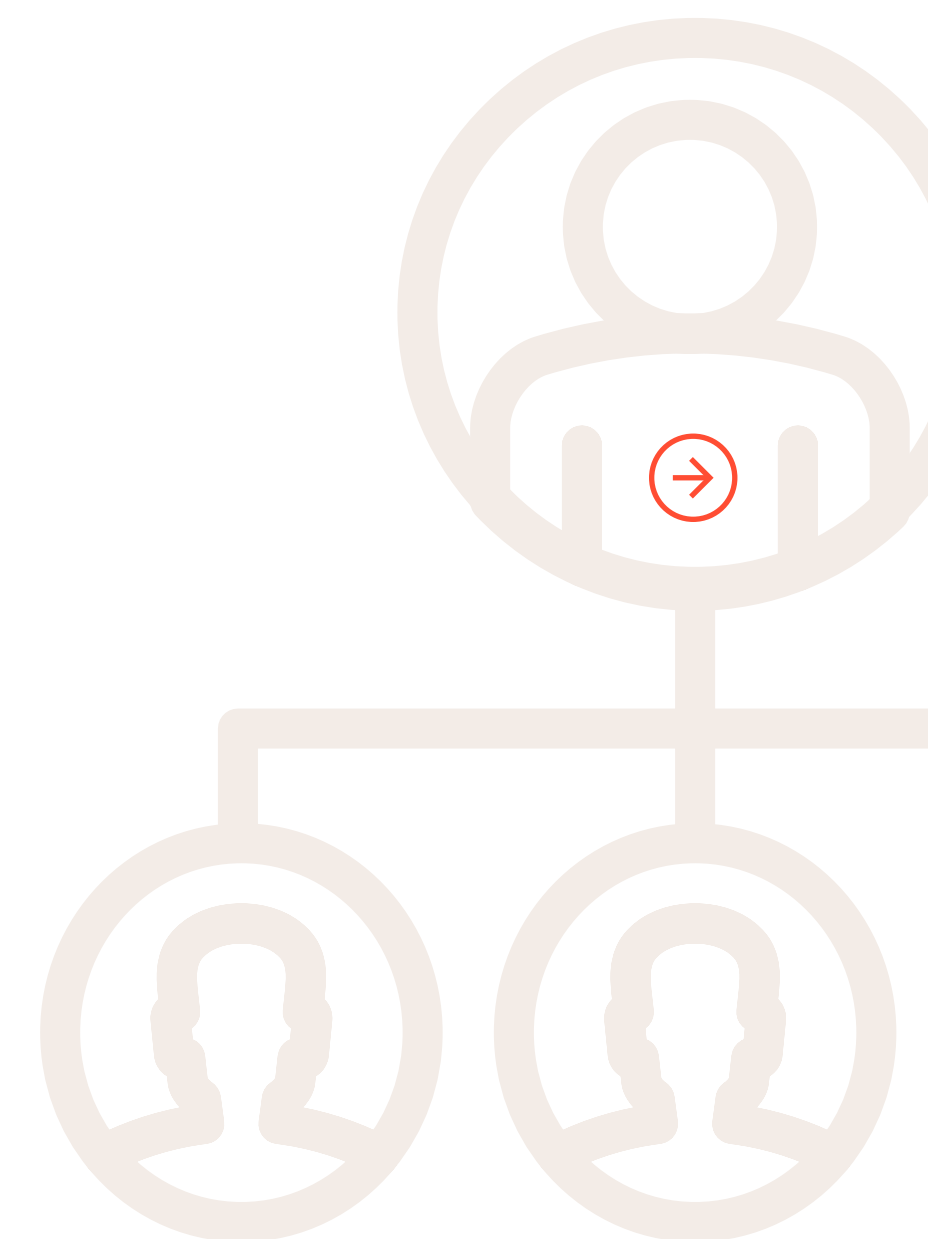
- A Conduct GMSs and GMPs only in absentee form, if possible;
- B GMSs and GMPs, under certain circumstances, can be conducted remotely, as an alternative to absentee voting.

Under the current regulation,
a meeting in the form of joint

attendance is permitted to be held using information and communication technologies, enabling remote participation, discussion of the agenda and making decisions on issues that are to be put to the vote. This method can be chosen as an alternative to absentee voting; however, it is necessary to check relevant provisions of the charter and to take into account the requirements of the procedure for confirming the fact of decision-making and the composition of shareholders/ participants in attendance, who were involved in making decisions. The possibilities and procedures for electronic voting at the GMS should be further clarified by the registrar, who maintains the register of shareholders of the relevant JSC. It is important to analyze the possibility of holding a distant GMP by considering the provisions

of the LLC charter. In the absence of such provisions, it is advised to develop and make appropriate changes to the LLC charter.

- C Conduct annual GMSs and GMPs as physical meetings at a later date after the end, or improvement, of the crisis situation, though in any case on, or before September 30th, 2020.
- D If the notary certification of decisions made by GMS/GMP/ sole participant/shareholder is binding by virtue of the charter/law or due to the fact that the charter does not have any alternative means to certify (applicable to LLCs), the following issues must be taken into account:
 - decisions of sole participants/ shareholders (e.g. foreign entities or individuals) can be certified by a foreign notary;



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Corporate and M&A

- obtaining an apostille in foreign jurisdictions may be difficult, but there are alternatives (e.g. consular legalization, or the implementation of notary functions by the consul) that need to be developed on a case-by-case basis.

E Check the expiration of deadlines on basic corporate procedures (expiration of the powers of bank card signatories, extension of the powers of the SEB, members of other bodies, extension/issuance of proxies from foreign companies/citizens in foreign jurisdictions, expiration of deadlines on previously-launched corporate processes (increase of authorized share capital, reorganization, liquidation, other registration actions)).

F Bear in mind that the key government authorities involved

in registration of corporate changes (including the Federal Tax Service), banks, and notaries now continue to work in a limited mode. Registration records can be made by filing documents through electronic channels of the notary, or via post.

Materials on the topic

**PRACTICAL DIFFICULTIES
IN HOLDING ANNUAL AND
EXTRAORDINARY GENERAL
MEETINGS OF SHAREHOLDERS
AND THE IMPACT OF COVID-19
CORONAVIRUS ON CORPORATE
GOVERNANCE**

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Antitrust regulation

What behavior amid health and economic crisis may imply anticompetitive concerns?

1. Unreasonable price increase

As a rule, companies have a right to set prices for their products, including to determine trade mark-ups, independently (unless they are subjects to a tariff regulation, or other special price control). However, due to a number of circumstances, specifically in crisis conditions, where there is a shock of supply and demand in most markets, price increases may, in some cases, indicate a violation.

At the same time, [the antitrust legislation](#) interferes with pricing matters only if the price increase is caused by the actions of the dominant player (abuse of dominant position by setting monopolistically high prices) or collusion among competitors (cartel agreement resulting in pricesetting). In other cases, the company’s pricing is fully discretionary and is not regulated by additional antitrust restrictions.

In the context of the epidemic the Federal Antimonopoly Service (FAS Russia) is mainly

focused on increases in prices for socially-important goods and services. The antimonopoly authority has investigated three cartel agreements of suppliers that have led to a [hike in prices for medical face masks](#). Beyond that, the territorial authorities of FAS Russia carry out daily [monitoring of food prices](#), in all regions of Russia. In connection with the transition of most companies to remote work, the regulator also checked prices for [mobile operator services](#), for the signs of collusion and unreasonable price increases.

Given the unstable situation in the near future, we expect further active work of FAS Russia in terms of fighting price violations in other sectors of the economy.

2. Public statements on price increases

To prevent unreasonable price increases due to public statements of industry representatives, FAS Russia actively uses its powers to issue warnings on inadmissibility of actions that may violate the Competition Law.

Thus, a warning was issued to the Executive Director of the “Rusprodsoyuz”, an Association of Food Manufacturers and Suppliers, in connection with the public announcement about the planned

increase in prices for a number of goods and the statement that such an increase “passed the check” of FAS Russia. The antimonopoly authority has issued the [official denial](#) thereof.

3. Refusal to supply and creation of discriminatory conditions

When it comes to dominant players, as well as a number of entities subject to special regulation (e.g. [food suppliers and retail chains](#)), an unreasonable refusal to supply, or creation of advantages for one contractor to the detriment of another, may also imply the existence of antimonopoly violations and raise increased attention from FAS Russia.





Antitrust regulation

? Practical issues and questions

- A** Is it possible to file a complaint with FAS Russia, if your counterparty refused to supply or raised prices for the products without providing adequate reasons?
- B** How can the risks of claimson the part of regulatory bodies and counterparties be minimized in the context of higher prices, or denial of supply, if the company is forced to reduce production, foreign suppliers have stopped supplying, or are supplying at higher prices?
- C** Will the regular discussion of the economic situation with representatives of competitors (e.g. within associations of manufacturers/distributors) be a problem from perspective of the competition law?

! Recommendations of ALRUD

- A** Use antitrust protection tools (sending letters to the counterparty about the signs of violation of antitrust laws, filing an application with FAS Russia about the signs of violation) as one of strategies to protect against unfair actions of counterparties and competitors.
- B** In the event of any forced price increase for customers and counterparties, prepare in advance the appropriate technological, or economic, justification for such increase in writing (as internal documents, correspondence with counterparties, etc.).
- C** When interacting with competitors, avoid discussing commercially sensitive

information (e.g. prices, profit margins, discounts, plans to reduce/stop production and sales, market behavior strategies, etc.). Such discussions between competitors can qualify as a cartel collusion.





Antitrust regulation

How does FAS Russia conduct inspections and review cases in the context of introduced self-isolation measures?

Currently, FAS Russia continues to function and perform its powers in the standard operating mode. All statutory deadlines for consideration of applications, petitions and antitrust cases are being observed.

However, at present, the activity of FAS Russia in relation to conducting inspections has decreased. In line with the [Government Decree of April 3rd, 2020 No. 438](#), it may only conduct inspections pertaining to the threat to life and health of citizens, or inspections carried out at the initiative of the President, the Government, or the Prosecutor General's Office of the Russian Federation.

Furthermore, according to [FAS Russia](#), the FAS commissions' hearings are postponed for the maximum possible terms set by the legislation. As for urgent cases to be considered until the end of self-isolation regime, the meetings will be held using video and audio communication systems.

? Practical issues and questions

- A Is there a possibility to obtain a decision in time, or should significant extensions be expected, with regard to applications/petitions/cases under consideration by FAS Russia?
- B What are the opportunities for speeding up the process of considering transactions/claims/disputes by FAS Russia?

! Recommendations of ALRUD

- A It is important to remain in close contact with the appropriate FAS team and regularly update the status of applications/petitions/cases. The situation can change every day.
- B Although we do not expect any extraordinary delays

or suspensions, technical delays in reviewing documents and issuing decisions may still occur. Additional time should be reserved for such delays.

- C When urgent consideration of applications/petitions/cases are needed, we recommend that you collect and discuss, with the FAS team, the evidence, which indicate negative consequences resulting from delays in the consideration of cases and issuance of decisions (e.g., financial losses, bankruptcy, suspension of production, inability to preserve jobs, etc.).

Materials on the topic

i GROUNDS AND PROCEDURES FOR CONDUCTING INSPECTIONS OF THE ANTITRUST AUTHORITY

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Taxation

Supportive measures for the Russian economy with regard to taxation in the wake of the coronavirus pandemic

1. GENERAL SUPPORT MEASURES FOR ORGANIZATIONS

Suspension until May 31st, 2020 of the appointment of new and already-designated:

- on-site (repeat on-site) tax audits;
- transfer-pricing audits;
- audits of compliance with currency laws (except specified in the [Russian Government's Resolution](#)).

Important! Neither suspension, nor extension of desk tax audits is envisaged.

Extension of time to file tax reporting:

- Tax returns (all except VAT), advance payments, accounting/financial statements that should be submitted from March 1st, to May 31st, 2020 – for 3 months;
- VAT tax returns and calculations of insurance premiums for Q1 2020 – until May 15th, 2020.

Important! Extension of time to file tax reporting does not entail an extension of time for payment of taxes (advance payments), and does not apply, in particular, to the filing of revised tax returns and applications for overpaid-tax refunds.

Extension of time to present information, on request of tax authorities:

- documents (information), explanations and other information requested by tax authorities, when receiving such a request during the period from March 1st to May 31st, 2020 – for 20 working days;
- documents (information), explanations as part of in-house VAT tax audits, when receiving such claims during the period from March 1st to May 31st, 2020 – for 10 working days.

Suspension of certain control measures until May 31st, 2020 inclusive (for details, see the [Russian Government's Resolution](#)).

No fines are imposed under Article 126 of the Russian Tax Code for failure to provide information/documents necessary to control calculations of tax and insurance premiums, if the deadline for submission ended in the period from March 1st to May 31st, 2020.

Suspension of foreclosure

Debt collection measures ([with a few exceptions](#)) will not be applied until April 30th, 2020. Tax authorities should not send claims with accrued penalties and fines, write off debt, and freeze transactions on settlement accounts.

Important! This measure of support does not imply a relief of liability. Decisions on audits taken before March 25th, 2020 will not be withdrawn.

2. ADDITIONAL SUPPORT MEASURES FOR ORGANIZATIONS

Extension of time to pay taxes for certain categories

For organizations, engaged in the [areas of activity most affected](#) by the spread of coronavirus infection, which were included in a [unified register of small and medium-sized businesses](#) as of March 1st, 2020, the time to pay some federal, regional and local taxes (advance payments thereon) is extended.

Establishing additional grounds for deferral (instalment)

Organizations, involved in the [areas most affected](#)





Taxation

by the spread of coronavirus infection, may benefit additionally from the deferral (installment) of payments due in 2020 (subject to certain conditions).

Important! In order to check whether these support measures apply to a certain organization, you can use the [services of the Russian Federal Tax Service website](#), as well as read more about the terms in the [Russian Government's Resolution](#).

The Russian government continues the development of new supportive measures for small and medium-sized businesses, including deferrals on payment of insurance contributions to State non-budgetary funds for a period of 6 months, and installments on payment of certain taxes and charges for a period of at least one year (the [Russian Government's Order](#)).

Ensuring additional revenues to the Russian budget, including through taxation of dividends and interest, paid by Russian companies to foreign structures in “transit jurisdictions”, at a rate of 15%.



Materials on the topic

COVID-19: BILL ON TAXATION
OF PERSONAL INCOME IS PASSED
BY STATE DUMA

Language: Russian



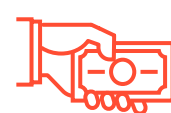
Practical issues and questions

- A** How to be well informed on changes of deadlines for tax reporting and tax payments in order not to miss the time for discharge of a certain obligation and to avoid sanctions?
- B** How to meet the deadline for responding to tax authorities' claims/requests of documents (information) as part of in-house tax audits or outside the scope of tax audits, which have been received in March-May 2020?
- C** How not to miss deadlines to submit revised tax returns, applications for overpaid-tax refunds, applications for support measures, and other forms of tax and currency reporting, in a pandemic environment?
- D** After renewal of tax audits, should one expect tighter control and heightened interest from

the tax authorities in accounting for exchange rate differences, losses, application of tax benefits, repatriation of foreign exchange earnings, and other issues of taxation and currency control?

- E** What tax implications can the revision of Double Taxation Treaties entail for structures with holding and financial companies that are based in Cyprus, Luxembourg, Malta, and in other similar jurisdictions, and what possible tax implications can be arise if other countries decline the initiatives proposed by the Russian Federation?





Taxation

! Recommendations of ALRUD

- A** Control the compliance with deadlines to file reporting and other documents to tax authorities (e.g., develop a registry of existing tax liabilities and monitor their status, taking into account new deadlines and possible reductions/extensions of the non-working days' period).
- B** Take a test on the [Russian Federal Tax Service website](#) and make sure that the organization has a right to use additional supportive measures; timely submit the necessary applications (if applicable).
- C** Maintain interaction with tax authorities (e.g. through the "[Personal Cabinet of Legal Entity](#)" website service, as well as via telecommunications channels) and, if necessary, provide brief

explanations on requests received from tax authorities and notifications about any inability to submit documents (information) within a specified time frame.

- D** Use the services of the [Russian Federal Tax Service website](#) and analyze the possibility of using deferral (installment) on payment of tax, take steps to use this measure with respect to a particular organization and monitor legislative changes on this issue.

- E** Try to prepare a protected, defensive position and documents to support it during the suspension of control measures if, before the introduction of restrictive measures, the organization understood that the tax authorities were going to initiate a tax audit on certain issues.

- F** Prepare for potential audits and questions from tax authorities, after leaving the "pandemic regime", by identifying the most vulnerable areas and collecting the supporting documentation for your protective position.

- G** Analyze business structures that include foreign holding and financial companies in Cyprus and similar jurisdictions, and the financial flows that pass through them, and assess the impact of increasing tax rates at source in Russia on dividends and interest.

- H** Consider that all actions should logically flow from the terms of contracts, normal business processes and applicable practice, as well as being economically feasible and have economic justification.

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Materials on the topic

i

**WEBINAR: DOUBLE TAXATION
AGREEMENT WITH CYPRUS**

Language: Russian



Data protection

New procedures in connection with COVID-19

The spread of coronavirus infection has led to new procedures, in particular, companies must:

- take steps to identify people with elevated body temperature/fever among employees, business visitors and representatives of organizations;
- collect information on the presence of people with chronic diseases, requiring mandatory self-isolation, among employees of organizations;
- promote self-isolation of employees, identify persons subject to mandatory self-isolation among employees;
- transfer employees to remote work, control the employees' performance through means of monitoring of their activities in the Internet, communication monitoring, remote access;
- restructure IT processes due to forced digitalization.

New procedures have arisen, but legal regulations remained the same

Despite the emergence of a number of new procedures and business needs, no changes have been made in the legislation regarding the protection of personal data, confidential information, and other information assets of companies.

On March 10th, 2020, the Federal Service for Supervision of Communications, Information Technology and Mass Media (Roskomnadzor), the authorized body for protection of the rights of data subjects, published an [explanatory statement](#) on the specifics of using thermovision cameras by employers.

According to the statement, body-temperature measurements relate to special (sensitive) categories of personal data, and their processing is permissible either where it is prescribed by the labor law, or upon written consent of the personal data subject.

Please note that the explanatory statement of Roskomnadzor is not a legislative act, it expresses the opinion of the regulator.

? Practical issues and questions

- A** How to ensure legitimate grounds for processing the new personal data related to health in connection with COVID-19? Is it possible to rely on Roskomnadzor's explanatory statement and to what extent?
- B** Is it necessary to amend existing consents for the processing of personal data, local policies?
- C** Is it necessary to notify Roskomnadzor of new processes of personal data processing?
- D** What steps shall be taken in order to protect trade secrets and sensitive information while working remotely?
- E** What formalities shall be observed in order to control the employees' performance, in particular by means of monitoring the employees' activities in the internet, remote access?



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Data protection

- F

How to reduce the risk of infringement of employees' rights to private life and communication?
- G

How to ensure information security in the circumstances of forced digitalization?
- H

What preventive measures shall be developed and taken in order to protect the employer's information assets?
- I

How to bring individuals to responsibility in connection with data leakage?
- J

How can employers protect their rights to IP objects created by the employees in conditions of remote work?
- !

Recommendations of ALRUD
- A

To minimize new processing of personal data to a strictly necessary minimum.
- B

To limit the transfer of personal data to third parties, including affiliated persons and related parties.
- C

To cease data processing and destroy the data when the purpose of data processing is achieved, unless other term of processing is prescribed by law.
- D

To evaluate the possibility of introducing new personal data processing, without making changes to existing policies, without obtaining new consents, and without notifying Roskomnadzor on that changes.
- E

If necessary, to change the existing local policies, or implement new ones, for the period of measures to combat COVID-19, to obtain new consents and notify Roskomnadzor.
- F

To describe the procedures for monitoring remote employees' activities, remote access and

communications in local policies, communicate them to employees, obtain consents, if necessary.

- G

To implement compliance control systems, establish confidentiality obligations for remote employees.

- H

To establish a commercial secret regime.

- I

To take all necessary technical, legal and organizational measures to protect information.

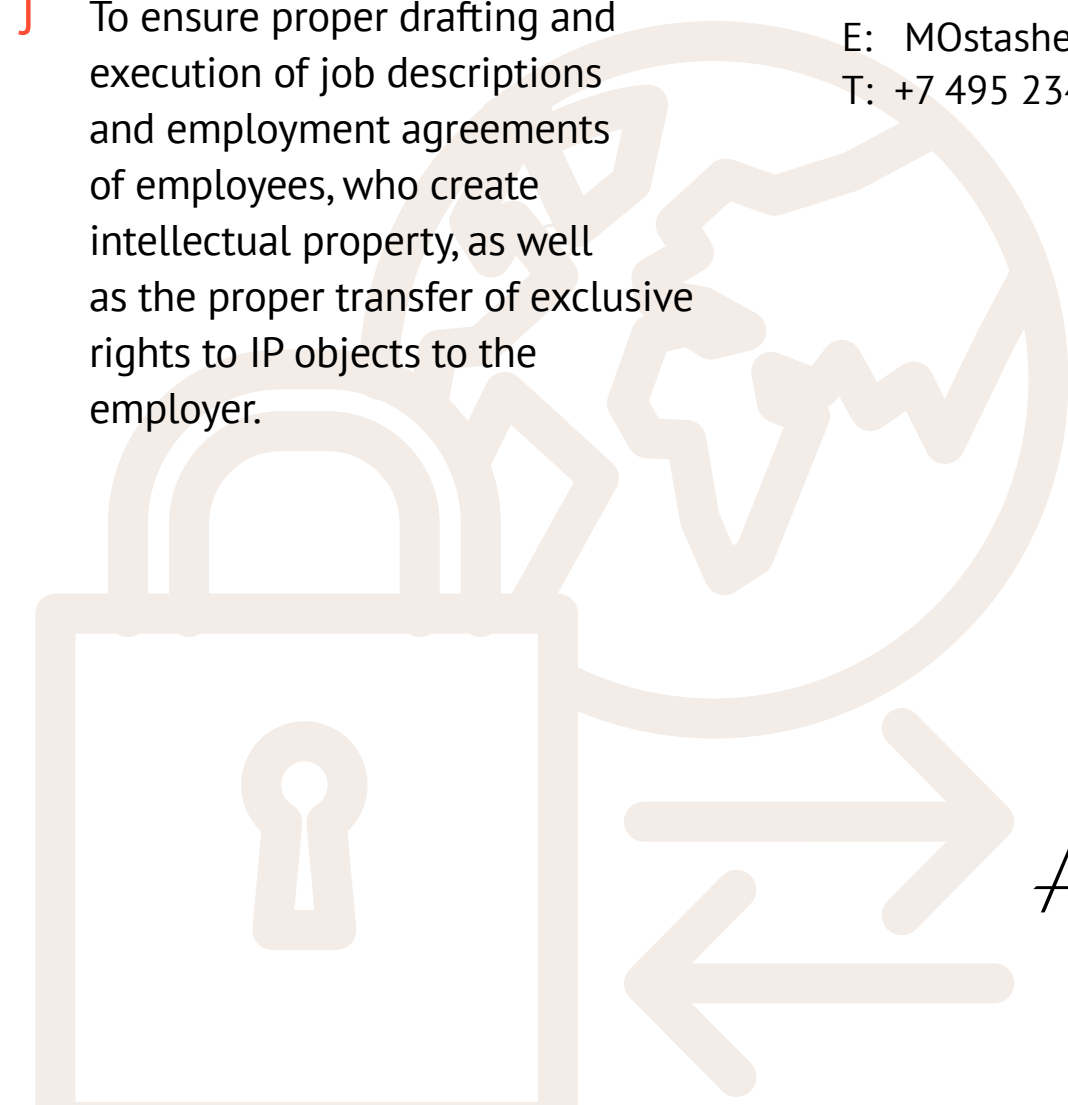
- J

To ensure proper drafting and execution of job descriptions and employment agreements of employees, who create intellectual property, as well as the proper transfer of exclusive rights to IP objects to the employer.

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Healthcare and pharmaceuticals

What impact has the current situation had on the sale of medicines and medical devices in Russia?

1. CHANGES IN THE PROCEDURE FOR THE SALE OF MEDICINES AND MEDICAL DEVICES

Given the growing complexity in the market of medicines and medical devices due to the COVID-19 epidemic, a range of measures have been taken:

A the amount of the wholesale and retail margin to the purchase price / cost price and to the actual selling prices, respectively, shall not exceed 10% and 0.1 Roubles per unit, respectively;

B the Government of the Russian Federation is entitled to set the maximum sale prices of the manufacturers for the certain medicines and medical devices, which will be additionally listed by the Government of the Russian Federation, as well as the limits on the wholesale and retail margin in the following cases:

- emergency situations;
- threat of the spread of dangerous diseases;

- upon revealing the rise in the retail prices for the aforementioned medicines and medical devices by at least 30% in the regions within 30 calendar days after the Government of the Russian Federation decides to monitor such prices.

C licensed pharmacies and pharmacy chains have been entitled to sell OTC medicines through the Internet with approval of Federal Service for Surveillance in Healthcare and, in cases of emergency, or the threat of the spread of dangerous disease, even prescription medicines.

Please note on April 22nd, 2020 the Russian Government has not adopted the procedure for distant sale of medicines, as well as for obtaining required approval of Federal Service for Surveillance in Healthcare, so currently it is still impossible to sell medicines over the Internet.

2. SIMPLIFIED STATE REGISTRATION OF THE MEDICAL GOODS

To combat the spread of COVID-19 in Russia, the Government of the Russian Federation has simplified the procedure for the state registration of several medicines and medical devices.

As of April 10th, 2020, the procedures of state

registration were simplified for the following types of the medical goods:

A medical devices with a low degree of potential risk per the established list, which includes 36 types of medical devices, including masks, coats, respirators, shoe covers, suits and gloves (“Non-hazardous medical devices”);

B medical devices designed to be used in emergencies, combat situations, for the prevention and treatment of dangerous diseases according to the established list, which includes 108 types of medical devices designed to combat infectious diseases (“Medical devices for emergencies”);

C medicines for medical use designed to be used in emergencies, combat situations, for the prevention and treatment of dangerous diseases (“Medicines for emergencies”).

Adopted amendments provide for the exemption to, or simplification of, the state registration of medicines, or medical devices. For example, it is possible to proceed with the accelerated state registration procedure of the Non-hazardous medical devices without clinical tests as well



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Healthcare and pharmaceuticals

as without expertise of quality, effectiveness and safety within 5 business days from filing for registration, though the applicant shall submit an application for an ordinary registration procedure within 150 business days from the moment of “simplified” state registration of the respective product.

Medical devices and Medicines for emergencies can be registered in simplified order as well, and in some cases it is even possible to sell and use them without registration. It is particularly noteworthy that expertise of quality and relations between expected benefits and potential risks is excluded for the Medicines for emergencies, if they are registered in the EU, USA, Canada or another specially designated state.

3. INCREASING THE LIABILITY FOR THE TRAFFICKING IN FRAUDULENT AND DEFECTIVE MEDICINES, DIETARY SUPPLEMENTS AND MEDICAL DEVICES

On April 1st, 2020, the amendments to the Administrative Offenses Code and the Criminal Code of the Russian Federation entered into force, which have increased the liability for the online trafficking in fraudulent, defective and unregistered

medicines, medical devices and fraudulent dietary supplements with exceptions made for the following cases:

- if sale or import of the unregistered medicines or medical devices is permitted according to the current legislation (for example, with regard to the medicines of vital importance for patients in certain cases);
- if the specified medicines or medical devices are not manufactured in the Russian Federation;
- if the specified medicines or medical devices are recommended for use by the World Health Organization.

4. INCREASED ATTENTION OF FAS RUSSIA TO THE ADVERTISING OF MEDICINES

Some medicine manufacturers have launched marketing campaigns claiming that their medicines have therapeutic efficacy against COVID-19. However, in the absence of the respective information in a medicine’s package leaflet, such statements contradict the advertising law.

For instance, in February 2020, the Office of FAS Russia for the Perm Territory identified the signs of violation of the law in an advertisement of the

medicine Remantadin, which stated that the said medicine was a treatment of the “Chinese coronavirus”. The advertisement was promptly and voluntarily removed.

Besides, on March 10th, 2020, the Commission of FAS Russia deemed illegal an advertisement of the medicine Arbidol, which stated that the said medicine had therapeutic efficacy against 2019-nCoV (COVID-19). The offender was ordered to stop the violation.

For such advertising, an administrative fine in the amount of RUB 200,000 to RUB 500,000 can be imposed on a legal entity.

5. IMPORT VAT AND IMPORT CUSTOMS DUTIES EXEMPTIONS

Certain goods, including masks, gloves, suits, tests for diagnosis of COVID-19, microbiological safety boxes, ventilators, medicines for the treatment of COVID-19 and the equipment for manufacturing medical masks, are exempt from import VAT duties if they are transferred for free to the non-profit medical organizations.

In addition, certain goods designed to warn and prevent the spread of COVID-19 and especially listed



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at the level of Eurasian Economic Union are also exempt from import customs duties. The customs require document on the intended purpose of the goods to be able to qualify for the aforementioned benefit.

The exemption from import VAT and import customs duties applies to the goods imported from March 16th to September 30th, 2020.

? Practical issues and questions

- A Is it possible now to sell medicines remotely?
- B What is the procedure for the sale and use of medical goods without their registration?
- C What documents shall be submitted to the Federal Customs Service for the preferential import of medical goods to combat COVID-19?
- D How to comply with the requirements of the advertising law while conducting marketing campaigns with respect to medicines?
- E Is it necessary to confirm the further free transfer of medical goods for the purpose of exemption from the import customs duties payment?

! Recommendations of ALRUD

- A As of April 22nd, 2020, the Government of the Russian Federation had not adopted the procedure for the remote sale of medicines as well as the procedure for obtaining a special permission of Federal Service for Surveillance in Healthcare. Due to the impossibility of obtaining permission, remote trade remains actually impossible. We recommend monitoring relevant legislation and discuss the option of remote trade with possible partners.
- B It is allowed to sell and use the one-time-use Medical devices for emergencies without obtaining permission of Federal Service for Surveillance in Healthcare if they are appropriately registered in the producing country. The reusable Medical devices for emergencies



PERFORMANCE OF CONTRACTUAL OBLIGATIONS
REAL ESTATE AND LEASE
BANKRUPTCY
DISPUTE RESOLUTION
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BANKING AND FINANCE
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ANTITRUST REGULATION
TAXATION
DATA PROTECTION
HEALTHCARE AND PHARMACEUTICALS



Healthcare and pharmaceuticals

can only be imported into Russia without obtaining permission from Federal Service for Surveillance in Healthcare. We recommend you to provide the supporting evidence to Federal Service for Surveillance in Healthcare with a certified translation into Russian.

C Advertising of medicines is allowed only within the limits of the information contained in a duly-approved package leaflet of the respective medicine. In this regard and taking into account the scrutiny of FAS Russia, pharmaceutical companies should be more careful while advertising medicines, particularly, as a treatment of COVID-19.

D In order to obtain import privileges, it is necessary to provide documents on the intended purpose of goods issued by the authorized executive government bodies

of the constituent entities of the Russian Federation. Currently, there is no actual opportunity to obtain such documents due to the lack of a procedure for their issuance. We recommend monitoring the situation and clarifying this matter with the authorized regional authorities: whether it is necessary to transfer freely the goods in order to secure the benefit for the customs duties payment.

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