

Russian President imposes interim administration on the first Russian assets belonging to “unfriendly” foreign entities

On 25 April 2023, [Presidential Decree No. 302*](#) was published and entered into force, introducing interim administration in respect of those Russian assets held by “unfriendly” foreign persons that are listed in the Decree. This is a response to sanctions and restrictions imposed on Russian assets held by “unfriendly” states.

As a result, these assets are temporarily placed under state control for an undefined period of time, and the Decree can be amended in future to cover other assets.

Interestingly, this initiative takes over an earlier high-profile [proposal*](#) to adopt a law to allow introducing external administration in respect of companies held by shareholders from “unfriendly” states which ceased operations after 24 February 2022.

Assets

The Decree makes it possible to place the following assets belonging to “unfriendly” foreign persons under interim administration: (1) movable and immovable property located in Russia; (2) securities and participatory interests in Russian companies; (3) property rights.

The specific assets in respect of which interim administration has been imposed are named in the Decree. At the moment, these are limited to shares in two major Russian energy companies owned by European corporations with indirect foreign state participation.

The list of assets under interim administration could be [expanded*](#).

Implementing interim asset administration

The Federal Agency for State Property Management carries the function of interim asset administrator.

In this capacity, the Agency has all the rights of the asset owner, except the power to dispose of the property.

This means that foreign shareholders are not deprived of ownership of their shares in Russian companies subject to interim administration, and the Agency is not entitled to transfer such shares to third parties. However, the foreign shareholders can no longer make any management decisions, and all the shareholders’ powers in terms of managing the company are transferred to the Agency.

The Agency has already begun to exercise its powers as interim administrator. Thus, the very next day after the Decree came into force, it had already [replaced*](#) the top management in the Russian companies placed under its interim administration.

* *In Russian*

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