



Russian counter-sanction measures decree: amendments regarding public joint-stock companies

3 March 2022

Russian Presidential [Decree No. 79*](#) dated 28 February 2022 not only applies to foreign currency and financial measures as [reported](#) earlier, but also sets out certain conditions for Russian public joint-stock companies to acquire their own outstanding shares.

The Decree allows public joint-stock companies to buy back their outstanding shares until 31 December 2022 inclusive (except for buying back shares to reduce their total number) provided that certain conditions are simultaneously met. These conditions include in particular:

- trading of shares on the stock exchange;
- reduction of the weighted average share price and the main stock market index of a trade organiser calculated for any three months starting from 1 February 2022 by 20% or more in comparison to the respective price and index calculated for any three months starting from 1 January 2021; and
- adoption by the company's board of directors of a resolution on buying back its shares.

If stated in the resolution on buying back shares, information regarding the share buyback by a public joint-stock company does not have to be disclosed in the form of a notice of material fact. This means the share buyback is not subject to the mandatory disclosure normally required by general legislation.

While the Decree modifies the procedure for the buyback by public joint-stock companies of their outstanding shares, it does not expressly limit the application

of the provisions of the Federal Law "On Joint-Stock Companies" on the maximum number of shares to be acquired. In particular, after the acquisition is completed, the nominal value of shares outstanding cannot be less than 90% of the share capital of a public joint-stock company, and thus, the procedure established by the Decree is likely to imply that a company can buy back a number of shares with the nominal value not exceeding 10% of its share capital.

Given that, under the Decree, the weighted average share price and the index of a trade organiser are to be determined for any three months starting 1 February 2022, the above procedure can, in fact, be expected to apply from 1 May 2022 onwards.

We will continue to monitor these developments and report on further changes.

* *In Russian*

For further information, please email the authors or your usual contact at CMS Russia.

Authors



Artashes Oganov

Partner

Corporate / M&A

E artashes.oganov@cmslegal.ru



Konstantin Baranov

Partner

Head of Banking & Finance

E konstantin.baranov@cmslegal.ru

CMS Russia, 10 Presnenskaya Nab., block C, 123112 Moscow, Russia
T +7 495 786 40 00, **F** +7 495 786 40 01

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