



Shareholders' agreements in Russia:
is there a chance to pre-agree on a
“divorce”?

Agreement on “divorce”: Why it is important ?



- Reduces uncertainty by setting up clear “exit” mechanisms
- Prevents from future disputes
- Provides for protection
- Increases stability

Triggers for “divorce”



- Pre-agreed term/condition
- Termination/withdrawal
- Default
- Change of control/insolvency/other cause
- Deadlock

Common “divorce” procedures



- Put/call options
 - Pre-agreed
 - Default
 - Deadlock
- Joint sale
- “Shoot-out” procedures
- Shares buy-out
- Winding-up

Russian specifics: Options



- Not provided directly in the law
- Possible ways of structuring
 - Preliminary agreement
 - Conditional transaction
 - Irrevocable offer
- Option trigger shall
 - not depend on its party will
 - be such circumstance with regard to which it is unknown whether it occurs or not

Russian specifics: Shares buy-out



- General prohibition of buy-outs
- Withdrawal from LLC (if agreed in the charter)
- Buy-out by virtue of LLC law in specific cases
- Limited (10%) buy-out by virtue of JSC law in specific cases

Russian specifics: Winding-up



- Winding-up procedures are governed by imperative legislation
- Decision on winding-up shall be taken by the General Meeting
- Cannot be agreed:
 - Priority and amount of liquidation quota payment
 - General procedure



Questions?

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