



Legal Alert

First Deputy Prime Minister proposed the options for the foreign investors

- 1.1. On 4 March 2022, in response to the international sanctions imposed against the Russian financial and business sector, the First Deputy Prime Minister of the Russian Federation Andrei Belousov after meetings with the RUIE (Russian Union of Industrialists and Entrepreneurs) and "Business Russia"¹ proposed three options for the development of relations with foreign investors within the economic situation and sanctions against Russia²:

"We have analyzed the statements of foreign authorities and specific companies that, having made huge investments in the localization of production, do not want to leave the Russian market, but now face unprecedented politically motivated pressure from their own regulators" Belousov said. He noted that the shareholders of some Russian companies decide to leave the Russian market.

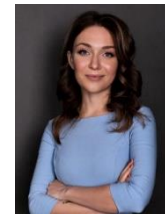
- 1.2. Mr. Belousov proposed the following options for the foreign business:
- (1) The company continues to work to the full extent in Russia, raw materials, materials, components are to be fully supplied, and obligations to employees are to be fulfilled;
 - (2) The foreign shareholders transfer their shares under the management of the Russian partners and may return to the Russian market in the future. *"Russian business is ready for this, and some investors have already used this opportunity"*; and
 - (3) The company permanently ceases the operations in Russia, closes down the production and fires employees. *"We treat this as actually a deliberate bankruptcy. In this option, we will intervene through the accelerated bankruptcy procedure, because it is an absolute priority for us to preserve the employment and social well-being of our citizens, so that good faith entrepreneurs can ensure the effective functioning of the business"*.
- 1.3. Please note that Mr. Belousov's position does not amount to a formal legal regulation on the matter, but may represent approaches to the situation which may be potentially adopted by Russian authorities and reflected in various legal acts.
- 1.4. We note that each option shall be carefully evaluated and analysed from the legal and business perspective with the consideration of the new economic measures and regulation recently adopted in order to comply with the Russian legislation. Our experts at RGD would be happy to provide any additional information upon the request.

Should you have any questions on this alert, please contact us at alerts@rgd.legal.

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¹ RUIE is an all-Russian organization representing the interests of business. Business Russia is an all-Russian public organization which represents the interests of private non-resource businesses – local industry leaders.

² <http://government.ru/news/44712/>