



Legal Alert

Vladimir Putin has signed a Decree which allows Russian companies to pay debts to some foreign creditors in Rubles

- 1.1. On 5 March 2022 the President of the Russian Federation issued a Decree No. 95 “On Temporary Procedure for Performing Obligations to Certain Foreign Creditors” (the “**Decree**”) which introduces a temporary procedure for the Russian Federation, its constituent territories, municipalities and residents (the “**Debtors**”) to perform obligations under credits, loans and financial instruments towards foreign creditors classified as foreign persons connected with foreign states that are taking hostile actions against the Russian Federation, Russian legal entities and individuals (the “**Hostile Countries**”) (including if such foreign persons are citizens of these states, are registered in these states, or if these states are the place where such persons’ business is primarily conducted or where such persons primarily generate profit from their activities), or those under control of the specified foreign persons, irrespective of the place of their registration (except if the place of their registration is the Russian Federation) or place where their business is primarily done (the “**Foreign Creditors**”).
- 1.2. The Hostile Countries pursuant to the Resolution of the Russian Government No. 430 dated 5 March 2022 are the following:
 - Australia
 - Albania
 - Andorra
 - Canada
 - Great Britain (including Jersey and controlled overseas territories - Anguilla, British Virgin Islands, Gibraltar)
 - Japan
 - Iceland
 - Liechtenstein
 - Members states of the European Union
 - Micronesia
 - Monaco
 - Montenegro
 - New Zealand
 - North Macedonia
 - Norway
 - Republic of Korea
 - San Marino
 - Singapore
 - Switzerland
 - Taiwan (China)
 - Ukraine
 - United States of America
- 1.3. According to the Decree the Debtors are allowed to pay the Foreign Creditors in Roubles for the obligations that exceed 10 million Roubles in a calendar month or the equivalent of this amount in the foreign currency at the official rate of the Russian Central Bank established on the first day of each month. The Debtor shall send to a Russian bank an application for opening a type "C" account in the name of a foreign creditor or nominal holder; and such account shall be used for calculations. In order to perform the obligations connected with the issue of securities the Debtor may send such application to a non-banking credit institution that is the central depository pursuant to Federal Law No. 414-FZ dated 7 December 2011 “On the Central Depository”.



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- 1.4. Type "C" accounts are kept in Roubles. The Central Bank has been authorized to establish the regime relating to type "C" accounts and issue official clarifications on application of the Decree. From the date of the Decree type "C" accounts include depo accounts opened before 5 March 2022 in the name of a non-resident who is a Foreign Creditor, or in the name of a foreign nominal holder.
- 1.5. If the Debtor transfers funds to a type "C" account the creditor may apply to the credit institution where such account has been opened for the funds to be used under the procedure determined by the Russian Central Bank (with respect to the performance of obligations by banking institutions and non-banking financial institutions) or by the Russian Finance Ministry (with respect to the performance of obligations by other debtors).
- 1.6. The Decree also extends to performance by the debtors of their obligations to residents, as well as to other foreign creditors not defined as the Foreign Creditors, if the right to claim on such obligations was assigned to them after 1 March 2022 by the Foreign Creditors (or after another date determined by the Central Bank's Board of Directors with respect to certain categories of persons).
- 1.7. We will keep you updated on any further developments.

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

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