

# NEWS FROM RUSSIA – THE PRESIDENT HAS INTRODUCED SANCTIONS AGAINST PERSONS FROM "UNFRIENDLY" STATES

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In response to the fact that the majority of foreign companies have decided to withdraw from the Russian market, the Government has implemented various restrictions on operations and transactions involving non-residents, especially from the so-called "unfriendly" states.

In May 2022, the Russian President has signed two more decrees that significantly affect existing contractual relationships between Russian entities and their foreign counterparties.

- ▶ [Presidential Decree No. 252](#) introduces special economic measures in relation to legal entities, individuals and organizations under their control ("**Sanctioned Persons**") included into a special list. The Russian Government will prepare and approve this list within 10 days (the "**Sanctions List**").

## Special economic measures include:

(a) A prohibition for federal and regional governmental bodies, municipalities, natural persons and legal entities under the jurisdiction of the Russian Federations to:

- enter into transactions (including foreign trade contracts) with Sanctioned Persons;
- perform obligations under contracts with Sanctioned Persons;
- carry out financial transactions, if beneficiaries of such transactions are Sanctioned Persons;

(b) A prohibition to export products and raw materials produced in Russia, provided that such products are supplied to Sanctioned Persons, and/or by Sanctioned Persons to other persons.

- ▶ [Presidential Decree No. 254](#) establishes a special procedure for payments of dividends.

Payments by an LLC to foreign shareholders from "unfriendly" states are now subject to a special procedure established in the [Presidential Decree No. 95](#). It means that all transactions related to payments of dividends must be operated by means of a special account "C".

The Central Bank and Ministry of Finance are authorized to determine a procedure different from the procedure prescribed by the Presidential Decree No. 95.