

Newsletter

Russia Temporarily Simplified Merger Control Regime for 2022:

- *certain transactions are exempted from pre-transaction filing*
- *certain merger control thresholds are changed*

July 18th, 2022

Dear Ladies and Gentlemen,

A significant, temporary measure for 2022 has been introduced into the Russian merger control procedure, which may affect the regulatory approval process, in many M&A transactions, and might be specifically relevant for Management Buyouts.

On July 14th, 2022, the Federal Law No. 286-FZ came into force. This introduced amendments, which temporarily (till the end of 2022) exempted certain transactions involving shares/property/assets/control rights, in relation to commercial and financial organizations, from the merger control pre-transaction approval requirements. Below you will find a comparative table of thresholds before and after amendments:

| Thresholds before amendments | Thresholds after amendments |
|---|---|
| For certain transactions with commercial organizations | |
| If total assets of the target group >RUB 800ml + aggregate Parties' assets >RUB 7bn/turnover >RUB 10bn, pre-transaction approval was required | If total assets of the target group are in the range from RUB 800ml up to RUB 2bn + aggregate Parties' assets >RUB 7bn/turnover >RUB 10bn, no need to obtain pre-transaction approval, only post-closing notification* is required. |
| | If total assets of the target group >RUB 2bn + aggregate Parties' assets >RUB 7bn/turnover >RUB 10bn, pre-transaction approval is required. |
| For certain transactions with financial organizations | |
| Pre-transaction approval was required if certain asset thresholds established by the Russian Government were met – ranging from RUB 100ml assets for medical insurance organizations, to RUB 29bn for credit organizations. | Previous asset thresholds became irrelevant. Only post-closing notification* is needed. <i>NB! Approval of the Central Bank of Russia, for certain deals with financial organizations, is still in place and has not been amended.</i> |

***Post-closing notification** shall be submitted to the antimonopoly authority within 30 days from the date of closing. Upon review of post-closing notification, the regulator is free to impose remedies aimed at ensuring competition in the market.

Softening the merger control requirements will help reduce the administrative burden, both for the business and the antimonopoly authority. Given that foreign businesses' exits from Russia are often structured as Management Buyouts, such transactions (where the Russian businesses to be transferred are below the RUB 2bn assets threshold) will enjoy a simplified and smooth regulatory process, which ultimately shall not adversely affect the completion deadlines.

We hope that the information provided herein will be useful for you. If any of your colleagues would also like to receive our newsletters, please send them the link to complete a **Subscription Form**. If you would like to learn more about our **Competition/Antitrust Practice**, please let us know in reply to this email. We will be glad to provide you with our materials.

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Sincerely,

ALRUD Law Firm

If you have any questions, please do not hesitate to contact ALRUD partners.



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