

# Newsletter

## *New amendments and clarifications to currency and counter-sanctions legislation*

5 April, 2024

Dear Ladies and Gentlemen!

We would like to inform you about some of the latest significant amendments and clarifications to currency legislation as well as counter-sanctions regulations restricting the fulfilment of Russian companies' obligations to foreign creditors.

### **1. Easing of currency control**

The Bank of Russia has introduced a number of amendments<sup>1</sup> to its Instructions No. 181-I<sup>2</sup> relating to the submission of confirming documents and information when carrying out currency operations and registration of foreign trade (credit) contracts for currency control purposes. The main part of amendments came into force on 1 April 2024, except for certain provisions.

- 1.1. As of now, Russian companies that are involved in foreign trade activities are **not required to submit documents to their authorised banks under a contract** concluded with a non-resident if the amount of obligations under the contract is equal to or does not exceed the equivalent of **RUB 1 million**. Previously, this threshold was RUB 600,000.
- 1.2. Residents may make **payment under** a contract (loan agreement) subject to registration in accordance with Section II of Instructions No. 181-I **through any authorised bank**, not only the bank where the contract is registered.
- 1.3. **The requirement** to send shipping, delivery and other documents confirming the transfer of goods to authorised banks within the EAEU **has been eliminated**. The Federal Customs Service will electronically exchange this information with banks directly.

### **2. New clarifications on the procedure of the termination of obligations under Presidential Decree No. 95**

The Bank of Russia has issued Clarifications<sup>3</sup> on the procedure for applying the provisions of Presidential Decree No. 95<sup>4</sup>. Please note that Presidential Decree No. 95 establishes a temporary procedure for the fulfilment of obligations under credits and loans, financial instruments to foreign unfriendly creditors<sup>5</sup>.

<sup>1</sup> Order No. 6663-U of the Bank of Russia dated 9 January 2024 "On Amendments to Instructions No. 181-I of the Bank of Russia dated 16 August 2017".

<sup>2</sup> Instructions No. 181-I of the Bank of Russia dated 16 August 2017 "On the Procedure for Residents and Non-Residents To Submit Supporting Documents and Information to Authorised Banks When Conducting Currency Transactions and Uniform Accounting and Reporting Forms on Currency Transactions and the Procedure and Timing for Their Submission" (hereinafter "**Instructions No. 181-I**").

<sup>3</sup> Clarifications No. 1-OR of the Bank of Russia dated 22 March 2024 "On the Clarification of the Procedure for the Application of Provisions of Decree No. 95 of the President of the Russian Federation dated 5 March 2022 "On the Temporary Procedure for the Execution of Obligations to Certain Foreign Creditors" Upon Termination of Obligations" (hereinafter the "**Clarifications**").

<sup>4</sup> Presidential Decree No. 95 dated 5 March 2022 "On the Temporary Procedure for the Execution of Obligations to Certain Foreign Creditors" (hereinafter "**Presidential Decree No. 95**").

<sup>5</sup> Creditors under obligations the fulfilment of which is subject to the procedure stipulated by Presidential Decree No. 95 (hereinafter "**foreign unfriendly creditor**").

- 2.1. The Bank of Russia has clarified that unilateral actions (transactions) performed by a resident or on the basis of an agreement with the foreign unfriendly creditor, **which result in the termination of the resident's obligation** without crediting the proper fulfilment of the obligation to the "C" type account, provided that **the resident will be obliged to fulfil another obligation** (including the termination of counterclaims, for example, via offsetting, the granting of an assignment, or the fulfilment of an obligation arising as part of a novation), **shall be permitted only on the basis of one of the authorisations**<sup>6</sup> envisaged by clause 11 of Presidential Decree No. 95.
- 2.2. The termination of a resident's obligation to the foreign unfriendly creditor in other cases is permitted without obtaining the relevant authorisation.
- 2.3. Based on the text of the Clarifications other case may be considered as the conclusion of debt forgiveness agreements under contracts covered by Presidential Decree No. 95, as part of which a resident's debt to a non-resident is forgiven. We believe that the **conclusion of such debt forgiveness agreements is permissible without obtaining the relevant authorisation** due to the absence of a counter obligation by the resident.

ALRUD experts, **with their extensive experience in advising on currency legislation**, can provide the necessary legal support on all issues related to the application of new legislation.

We hope that you will find the information provided herein useful. If any of your colleagues would also like to receive our newsletters, please send them the [link](#) to the electronic subscription form. If you would like to learn more about our [Commercial Practice](#), please let us know by replying to this email. We will be glad to provide you with our materials.

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If you have any questions, please, contact ALRUD experts:



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<sup>6</sup> In respect of credit organisations and non-credit financial organisations the authorisation is issued by the Central Bank of the Russian Federation, in respect of other debtors the authorisation is issued by the Ministry of Finance of the Russian Federation in coordination with the Central Bank of the Russian Federation.