

EXTRACT
from the decision of the Sub-Commission of the Government Commission
for Control over Foreign Investments in the Russian Federation
No. 171/5 dated July 07, 2023

Moscow

1. Taking into account the discussion held, as well as pursuant to paragraph 2 of the List of Instructions of the President of the Russian Federation following the results of the meeting on the strategy for dealing with assets owned by foreign persons and improving the regulation of transactions (operations) between residents and non-residents held on April 11, 2023 (No. Пр-1114 dated June 04, 2023), the Sub-Commission has adopted a unanimous decision to take into account, as a general rule, the expediency of establishing the listed conditions for the implementation (execution) of transactions (operations) aimed at alienation of securities, including shares, participatory interests (contributions) in the authorized (share) capitals of Russian companies (hereinafter – assets) by foreign persons associated with foreign states who commit unfriendly actions against the Russian Federation, Russian legal entities and individuals (including if such foreign persons have citizenship of these states, the place of their registration, the place of their predominant business activities or the place of their predominant derivation of profits from their activities is these states), or persons who are under the control of such foreign persons, irrespective of the place of their registration or the place of their predominant derivation of profits from their activities) (hereinafter – persons of foreign states that commit unfriendly actions), when considering whether the Sub-Commission should grant permission for the implementation (execution) of such transactions (operations):

1) presence of a report on an independent assessment of the market value of assets conducted by an appraiser engaged in private practice and included in the list of appraisers (appraisal organizations) recommended by the Sub-Commission for such assessment, or by an appraiser who has concluded an employment contract with an entity included in this list (hereinafter – the independent valuation report);

2) presence, along with the independent valuation report, of an expert report prepared by an expert or experts of a self-regulatory organization of appraisers in accordance with Article 17.1 of Federal Law No. 135-FZ dated July 29, 1998 "On Valuation Activities in the Russian Federation", included in the list of self-regulatory organizations of appraisers recommended by the Sub-Commission for preparation of an expert report in accordance with Article 17.1 of Federal Law No. 135-FZ dated July 29, 1998 "On Valuation Activities in the Russian Federation";

3) sale of assets at a discount of not less than 50% of the market value of the respective assets specified in an independent valuation report;

4) presence of an obligation to make a voluntary contribution to the federal budget in the amount of not less than 10% of half of the market value of the relevant assets specified in the independent valuation report (if the assets are sold at a discount of less than 90% of the market value of the relevant assets specified in the independent valuation report), or not less than 10% of the market value of the relevant assets specified in the independent valuation report (if the assets are sold at a discount of more than 90% of the market value of the relevant assets specified in the independent valuation report) within three months from the date of implementation (execution) of the transaction (operation);

5) in case of acquisition of shares constituting the authorized capital of a public joint stock company, public offering of up to 20% of the acquired stake, whereby:

the start date of such offering does not exceed one year from the date of implementation (execution) of the transaction (operation), and the term of such offering may not exceed three years from the date of the start of such offering;

in case of reorganization of a company in the form of a merger with a public joint stock company – public offering of shares of the public joint stock company to which another company has been merged in the amount equivalent to up to 20% of shares of the merged company, taking into account the conversion ratio of shares of such companies in case of merger, should be made within three years from the date of implementation (execution) of the transaction (operation);

6) in case of termination of the public status of a joint stock company or liquidation of such company as a result of implementation (execution) of a transaction (operation) – public offering of up to 20% of shares of a public joint stock company (newly incorporated or as a result of obtaining public status by the joint stock company), with the term of obtaining public status by the joint stock company and conducting such public offering not exceeding three years from the date of implementation (execution) of the transaction (operation);

7) establishment of key performance indicators for acquirers and (or) company acquired by them, which should provide, *inter alia*, for the preservation of technological potential and the main type of economic activity of such a company, preservation of jobs and the fulfillment of obligations under contracts concluded by it with other entities, with the submission of a recommendation to the federal executive body to exercise control over the achievement of such indicators;

8) buy back of asset at the market value on the date of exercise of such option, existence of economic benefit for the resident owner of the asset and limitation of the term of validity of the approval (as a general rule, not more than two years from the date of implementation (execution) of the initial transaction (operation) – for a transaction (operation) providing for the possibility of buy back of the asset;

9) transfer of funds in the course of transactions (operations) to persons of foreign states that commit unfriendly actions to "C-type" accounts, or settlements under transactions (operations) in RUB in the banking system of the Russian Federation without transfer of funds outside the Russian Federation, or in case of transfer of funds under transactions (operations) with foreign persons to accounts of such persons opened in banks and other financial market organizations located outside the territory of the Russian Federation, the availability of installment payments;

10) presence of other approvals granted to the applicant provided for by the legislation of the Russian Federation, necessary for the implementation (execution) of the transaction (operation), the information on which is provided by the applicant.

2. The Sub-Commission has taken into account the information of the Ministry of Finance of the Russian Federation and the Bank of Russia on the approaches to making decisions on granting permissions to pay profits (dividends) to foreign creditors in cases established by Decrees of the President of the Russian Federation (hereinafter – foreign creditors), as a general rule, provided that the following conditions are met:

1) the amount of profits (dividends) to be paid is not more than 50% of the amount of net profit for the previous year;

2) consideration of the results of retrospective analysis of profit (dividends) payment for previous periods;

3) readiness of participants (shareholders) who are foreign creditors to continue business activities in the territory of the Russian Federation;

4) consideration of the views of federal executive bodies and the Bank of Russia on the assessment of the significance of the activities of the organization and the impact of the activities carried out by the organization on the technological and industrial sovereignty of the Russian Federation, socio-economic development of the Russian Federation (constituent entities of the Russian Federation);

5) fulfillment by the applicants of their obligations to achieve key performance indicators, confirmed by federal executive bodies (Bank of Russia);

6) possibility of profit (dividends) payment on a quarterly basis, provided that the established key performance indicators are achieved.

3. Recognize as no longer effective the minutes of the meetings of the Sub-Commission No. 118/1 dated December 22, 2022 and No. 143/4 dated March 02, 2023.

The extract is correct.

[Electronic Signature]

Deputy Minister of Finance
of the Russian Federation

A.V. Moiseev