

The 2021 Amendments to Capital Markets Regulations of the Russian Federation

December 6, 2021

On November 17, 2021, the Central Bank of Russia (the “**CBR**”) published on its official website Directive dated September 30, 2021, No. 5956-Ou “On introduction of amendments to Regulations of the Bank of Russia dated December 24, 2019, No. 708-P” (the “**Amendments**”) abolishing certain limitations on international securities offerings of Russian issuers. On November 28, 2021, the Amendments entered into force.

1. Background

Since early 2000s and until the entry into force of the Amendments, the number of shares of a Russian issuer and other securities convertible into such shares, that could be placed and traded abroad (including in the form of depositary receipts), was limited, and the cap varied over time from 75% to 25% of all issued shares of the Russian issuer. In addition, Russian securities regulations limited the number of shares of a Russian issuer and other securities convertible into such shares that could be sold in one international offering, which cap varied from 70% to 50% of the respective securities offering over time.

2. The Amendments

The Amendments abolished both caps, and now 100% of all issued shares of the Russian issuer may be admitted to placement and/or circulation outside Russia, and 100% of all offered shares of the Russian issuer or other securities convertible into such shares could be sold outside of Russia.

3. Other Requirements

Other requirements applicable to international offerings of the Russian issuers are still relevant. Such requirements, *inter alia*, include: (i) registration of the securities of the Russian issuer by the CBR; (ii) admission of securities to a quotation list of at least one Russian securities exchange; (iii) in case of depositary receipts, inclusion into the depositary agreement of a provision, pursuant to which voting rights must be exercised in accordance with the instructions of depositary receipts’ holders; (iv) in case of depositary receipts, opening of a depot account for the depositary program; and (v) receipt of a permit from the CBR for the placement and/or circulations of the securities of the Russian issuer outside of Russia.

It should be noted that the Amendments do not provide for an automatic cancellation of the limits applicable to the existing permits for placement and/or circulation outside of Russia issued by the CBR prior to the entry into force of the Amendments.

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