

Russia Adopts Rules for Governmental Preliminary Review of Transactions Involving Foreign Investors

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The Russian government has adopted rules setting out the procedure for preliminary review by the Russian prime minister of transactions entered into by foreign investors with respect to Russian legal entities before the Russian prime minister determines whether any such transactions require prior clearance from the governmental Strategic Investments Commission.

The rules went into effect on April 9, 2018, and have been introduced as part of the new regulatory regime that gives the Russian government the general authority to review any transaction entered into by a foreign investor with respect to any Russian legal entity.¹

The rules cover only procedural aspects of the review and do not provide any guidance as to the types of transactions that fall within the scope of review of the Russian prime minister or the process by which parties would be able to seek the Strategic Investments Commission's clearance prior to the closing of transactions. Foreign investors considering transactions with respect to a Russian legal entity will still need to do a detailed analysis to determine whether the transactions may fall within the Russian prime minister's scope of review. They also may need to seek clarification from the Russian anti-monopoly authority on whether any particular transaction will require the Russian government's clearance under the new regulatory regime.

Summary of the Procedure

Under the new rules, the Russian prime minister will determine whether a transaction entered into by a foreign investor with respect to a Russian legal entity should be subject to prior clearance from the governmental Strategic Investments Commission. That determination will be made based on a transaction profile prepared and submitted to the Russian prime minister by the Russian anti-monopoly authority, which will include the views of various Russian state agencies that regulate the Russian target's business. The transaction profile is to be prepared by the Russian anti-monopoly authority within 20 calendar days of the authority becoming aware of the transaction. This timing will presumably be triggered by the filing of the anti-monopoly clearance application under Russian competition law.

If, following review of the transaction profile, the Russian prime minister determines that the transaction is to be submitted to the governmental Strategic Investments Commission, the Russian anti-monopoly authority is to inform the foreign investor within three business days of the need for the clearance in accordance with the Strategic Enterprises Law.

¹ For more details, see our July 28, 2017, alert "[Russia Tightens Control Over Transactions Involving Foreign Investors.](#)"