



# **RUSSIA LEGAL TRENDSCAPE 2025 AND OUTLOOK FOR 2026**

Over the past 12 months, the Russian legal environment has continued to evolve in the global context along three main lines:

- continued adapting to foreign sanctions through countermeasures and support of strategic domestic businesses;
- procured legal mechanics to strengthen financial stability, and
- secured sustainability of the Russian economy.

We set out below the most significant Russian legal trends of 2025 that had been on our clients' radars throughout the year and are of relevance for foreign investors, namely:

AREA	TREND
Foreign Investments	<ul style="list-style-type: none"> <li>▪ Slowing down of foreign exits</li> <li>▪ Restrictions on buy-back of Russian businesses by "unfriendly" investors</li> <li>▪ Proposed limitations of foreign investors access to certain types of assets</li> <li>▪ Support of new foreign capital inflow through special "In" type accounts</li> <li>▪ Tightening of migration policy</li> </ul>
Business Operations	<ul style="list-style-type: none"> <li>▪ Tax burden raise</li> <li>▪ Focus on data protection and data access by foreigners</li> <li>▪ New localization requirements</li> </ul>
Digital Economy	<ul style="list-style-type: none"> <li>▪ Support of local software development</li> <li>▪ Introduction of regulation of digital platforms</li> <li>▪ Promotion of digital ruble</li> <li>▪ Development of cross-border settlements infrastructure</li> <li>▪ Growing AI use in all sectors of economy</li> </ul>
M&A	<ul style="list-style-type: none"> <li>▪ De-privatization</li> <li>▪ Growing importance of legal due diligence</li> <li>▪ Use of special business structures</li> </ul>
Dispute Resolutions	<ul style="list-style-type: none"> <li>▪ Liability of subsidiaries of foreign holding companies</li> <li>▪ Transfer of disputes affected by sanctions to Russian courts</li> <li>▪ Increased difficulty with recognition and enforcement of foreign court decisions and arbitral awards in Russia</li> </ul>

The majority of these trends are the ones to watch in 2026 as well. In addition, in 2026 we anticipate further tightening of control over data, continued adaptation of the legal system to sanctions with focus on import substitution, regulation of Russian cryptocurrencies market, prioritizing its compliance and promotion.

## 1. Foreign Investments

The main trends in the foreign investments area were, *on one hand*, slowing down of foreign exits along with restrictions for “unfriendly” investors to buy back Russian businesses and discussion of limitation of foreign investments in a number of businesses by qualifying them as strategic, *on the other hand*, support of new foreign capital inflow by introduction of a special type “In” accounts.

**Slowing down of foreign exits.** The number of foreign companies exiting the Russian market, which peaked in 2022-2023, then gradually decreased in 2024 and reached a minimum in 2025 (15 deals in the first three quarters of 2025, according to Forbes, citing the M&A Market Report by AK&M). The reasons for that are multiple, including:

- the fact that by 2025 substantial number of foreign companies had already made their mind and either completed their exits or liquidations, or decided to stay in Russia, and
- the general complication of exit procedure through (i) increase in the mandatory purchase price discount which reached 60% of the market value, and the exit fee which reached 35% of the market value of the asset, and (ii) Russian authorities' position to approve only exits strategically benefiting Russia in view of the potential future exchange of foreign assets located in Russia to the Russian assets located abroad.

**Restrictions of the rights of “unfriendly” investors to buy back Russian businesses which they exited.** Many of foreign exits were structured as temporary and foreign investors were granted buyback call-options. On 31 July 2025 legal amendments became effective<sup>1</sup> that entitle Russian shareholders who took over the business to unilaterally waive their obligations under a call-option (or a similar arrangement) if certain conditions are met cumulatively, namely:

- the foreign holder of the call-option, is a person of an “unfriendly state”;
- the foreign investor sold the shares in the period from 24 February 2022 to 1 March 2025;
- the shares were sold for a price significantly below the market value;
- the foreign investor was granted the right to buy back the shares on pre-agreed conditions for the period of three or more years from the date of the sale.

Russian ministry supervising the business activity of the target Russian company can also waive the relevant option obligations. If the obligations are waived, the foreign option holder will be entitled to compensation. The law, however, is silent on its possible amount.

<sup>1</sup> Federal Law No. 350-FZ dated 31 July 2025 “On Amending the Federal Law on Specifics of Regulation of Corporate Relations in Economic Entities Which Are Economically Significant Organizations and Certain Legislative Acts of the Russian Federation”.

**Proposed limitation of foreign investors access to certain types of activities.** Russian authorities are considering:

- broadening the list of strategic activities engaging in which a company can be considered a strategic company which entails the requirement of regulatory approval of foreign direct investments;
- clarifying the concept of “strategic assets” for control over asset deals; and
- amending the reporting obligations of foreign investors in strategic assets.

The respective draft law<sup>2</sup> is currently being considered by the State Duma in first reading.

**Support of new foreign capital inflow.** In order to increase inflow of foreign capital under the current counter-sanctions restrictions, foreign investors (including “unfriendly” ones) were allowed to invest in Russia and transfer funds abroad using special type “In” accounts without the need to follow the counter-sanctions rules. The mechanics of type “In” account were introduced by Order No. 436<sup>3</sup> and further clarified by the Decision of the Bank of Russia dated 31 July 2025. In accordance with the Order No. 436 when investing with the use of type “In” accounts foreign investors are not required to comply with the counter-sanctions restrictions applying to operations with securities, real estate, loans and credits, including the use of special type “C” accounts, etc. Type “In” account of the corresponding category may be opened by a credit institution, depository, registrar or clearing organization for both “unfriendly” and “friendly” investors, their representatives, as well as brokers and securities managers acting in the interests of foreign investors.

Each category of type “In” account, with the exception of the custody account and the securities account, may be credited with funds:

- intended for investments in the territory of Russia, credited from accounts opened in foreign banks or other financial market organizations outside the territory of Russia;
- received from investments in the territory of Russia when making transactions covered by the provisions of Order No. 436;
- from other categories of “In” type accounts opened for the same foreign investor;
- erroneously written off from the “In” type account.

**Tightening of migration policy.** A set of new requirements concerning rights and obligations of foreign citizens in Russia came into force in February 2025<sup>4</sup>. *Inter alia*, they include

- the establishment of a so-called “register of controlled persons” with information about individuals who stay in Russia illegally;

2 Draft law No. 1082676-8 “On amendments to the Federal Law “On the Procedure for Foreign Investment in Business Entities of Strategic Importance for National Defense and State Security” and Certain Legislative Acts of the Russian Federation, and Terminating Subparagraphs 8 and 9 of Paragraph 10 of Article 6 of the Federal Law “On Foreign Investments in the Russian Federation” (in part of expanding the scope of legal regulation).”.

3 Order of the President of the Russian Federation No. 436 dated 1 July 2025 “On Additional Guarantees for the Rights of Foreign Investors” (“Order 436”).

4 Federal Law No. 260-FZ dated 8 August 2024 (as amended on 28 December 2024) “On Amending Certain Legislative Acts of the Russian Federation”.

- new fines for violations of the migration laws; and
- facilitation of the procedure for deportation of illegal migrants and revision of the basic stay time limit for non-visa visitors.

The new requirements triggered the need for review of hiring and HR-compliance policies, as well as the procedures for temporary stays of foreign citizens in Russia.

## 2. Business Operations

Business operations in Russia are experiencing a period of intense development of legal base for technologies and the related focus on data protection and access to data by foreigners, while the geopolitical context is driving protection of domestic industries and securing additional budget revenue which resulted in tax intensification, increased liability for personal data misuse, additional restrictions on the market research activities by foreigners and new localization requirements.

**Tax burden raise.** 2025 was characterized by an overall increase in the tax burden, driven by higher tax rates, the repeal of certain existing tax benefits, and the introduction of a new levy outside the scope of the Tax Code.

The most significant legislative changes adopted in 2025 and effective from 2026 onwards included the following:

- The standard value-added tax (“**VAT**”) rate has increased from 20% to 22%, raising the tax burden on most goods and services, since the majority of business supplies in Russia are subject to VAT. This change will have an immediate impact on cash-flow and pricing for businesses operating in the consumer sector.
- A new technology levy has been introduced for importers and manufacturers of electronic components. The levy will be charged on a fixed per-unit basis, and capped at RUB 5,000 (approx. USD 600) per item. The specific list of products subject to the levy has yet to be determined by the Government, but it is expected to cover goods such as smartphones and other consumer electronics.
- Lowered rates of social security contributions (an effective payroll tax) are no longer available for a wide range of medium businesses.

Amendments to the Russian Tax Code came into effect from 1 January 2026 to implement OECD Pillar 2 (BEPS) rules, which are aimed at preventing base erosion and profit shifting. The new rules target international groups of companies (“**MNE groups**”) operating in Russia and apply to groups with a foreign parent operating in jurisdictions where Pillar 2 rules are in force, provided that their consolidated revenue exceeds EUR 750,000,000 in each of the two preceding financial years. The changes establish a minimum effective corporate income tax rate of 15% with the aim of preventing situations in which Russian tax incentives granted to foreign MNE groups effectively shift tax revenues to other countries.

**Focus on data protection and data access by foreigners.**

**Increase of liability.** The new regulations were introduced substantially increasing sanctions for data protection violations.



On 30 May 2025 the law amending certain personal data regulations enacted in November 2024<sup>5</sup> came into force. Amendments establish liability of legal entities for new offenses (e.g., for repeated violation of processing of personal data of more than 1,000 individuals or biometric personal data) which may constitute turnover fine of 1-3% of annual revenue with the cap of RUB 500,000,000 (approx. USD 6,340,000).

It follows the developments of 2024 when the changes to the Criminal Code of Russia were adopted that established criminal liability for the illegal use, transfer, collection, or storage of computer information containing personal data<sup>6</sup>. Such liability ranges from criminal fine of up to RUB 3,000,000 (approx. USD 38,000) or in the amount of the convicted person's salary or other income for a period of up to four years to imprisonment for a term of up to ten years in case of serious consequences. The term 'serious consequences' includes, *inter alia*, obtaining access to information constituting a legally protected secret and making it openly accessible.

**Limitation of data access by foreigners.** In July 2025, amendments to the Law on the Basics of State Regulation of Trade Activities were adopted taking effect on 1 March 2026. They limit foreign entities data collection through market research in Russia and establish data localization requirement. The amendments establish special rules for market research organizers that are foreign legal entities or in which more than 20% of shares are directly or indirectly owned by foreign legal entities, foreign states, foreign citizens, Russian citizens with dual citizenship, or Russian legal entities in which the share of foreign participation exceeds 20%. The said persons may organize market research only if at least one of the conditions listed in the law is met, including:

- revenue of the organizer not exceeding RUB 800,000,000 (approx. USD 10,000,000);
- the research being conducted for the organizer's own purposes and the results are not transferred to other persons;
- the research being conducted by order of a state authority or local self-government; or
- the research being conducted in accordance with regulatory rules using information from state information systems.

Research data must be processed and stored using databases and technical means located within the territory of Russia.

**Data localization requirement.** On 1 July 2025, amendments were made to paragraph 5 of Article 18 of the Personal Data Law<sup>7</sup>, which effectively prohibited initial collection of personal data of Russian citizens using databases located outside Russia<sup>8</sup>.

5 Federal Law No. 420-FZ dated 30 November 2024 "On Amendments to the Code of Administrative Offences of the Russian Federation".

6 Federal Law No. 421-FZ dated 30 November 2024 "On Amendments to Criminal Code of the Russian Federation".

7 Federal Law No. 152-FZ dated 27 July 2006 (as amended on 24 June 2025) "On Personal Data" ("Personal Data Law").

8 Federal Law No. 23-FZ dated 28 February 2025 "On Amendments to the Federal Law "On Personal Data" and Certain Legislative Acts of the Russian Federation".

The initial collection of personal data using foreign databases is permitted only if the collection is:

- necessary to fulfill purposes provided for by an international treaty or law;
- related to judicial proceedings;
- necessary for public authorities to exercise their powers or for organizations providing state and municipal services; or
- required for professional journalistic activity, lawful mass media outlet.

Collected personal data can be transferred abroad in accordance with Russian cross-border data transfer requirements.

**Increase of protection of data in the critical infrastructure.** Amendments to the Federal Law “On the Security of Critical Information Infrastructure of the Russian Federation”<sup>9</sup> came into effect on 1 September 2025, requiring entities of critical information infrastructure to use software listed in the unified registry of Russian software on significant objects of critical information infrastructure. Entities of critical information infrastructure include (*inter alia*) government bodies and institutions, Russian legal entities that own information systems, information and telecommunications networks, automated control systems in the areas of healthcare, science, transport, communications, energy, state registration of immovables, the banking sector, the fuel and energy complex, defense, mining, metallurgy, the chemical industry, and others.

A draft resolution of the Government of Russia establishing the procedure and timeline for transitioning significant infrastructure objects to Russian software has completed the public hearing stage and is planned to come into effect on 1 April 2026. The draft provides for the transition of significant critical infrastructure objects to Russian software by 1 January 2028, with a possible extension until 1 December 2030 at the decision of the Government Commission for Digital Development and the Use of Information Technologies to Improve the Quality of Life and Business Conditions.

**New business localization requirements.** In 2025, new requirements related to localization in various areas of business came into effect.

**Passenger taxi.** On 23 May 2025, a law was adopted establishing requirements for the localization of passenger taxis<sup>10</sup>. As of 1 March 2026, for a vehicle to be included in the taxi registry, the number of localization points (i.e., the performance of technological operations during vehicle production within the territory of Russia) must meet the threshold established by the Government of Russia for government procurement (3200 points until 1 January 2027), or the vehicle must have been produced under a special investment contract concluded between 1 March 2022 and 1 March 2025. From 2033, the only condition for inclusion in the registry will be the number of localization points (i.e., production under a special investment contract will no longer be relevant). The law applies to all business categories and taxi classes. The new requirements will not apply to vehicles registered before 1 March 2026. Certain regions of Russia have a longer grace period before the new requirements become mandatory for them.

<sup>9</sup> Federal Law No. 58-FZ dated 7 April 2025 “On Amending the Federal Law On the Security of Critical Information Infrastructure of the Russian Federation”

**Pharmaceuticals.** As of 1 January 2025, amendments to the Law On Government Procurement<sup>11</sup> came into effect<sup>12</sup>, introducing the so-called “two’s a crowd” rule. According to the amendments, this rule applies if the respective limitation is specifically established by the Government of Russia. In December 2024, the Government of Russia adopted Decree No. 1875, which, *inter alia*, established “two’s a crowd” rule in respect of the pharmaceuticals included in the list of vital and essential medicines. According to the Decree, in the context of pharmaceutical market, “two’s a crowd” rule means that if a manufacturer producing certain drugs within the Eurasian Economic Union through a full production cycle (“localized product”) participates in government procurement, they automatically win the tender over foreign manufacturers of similar pharmaceuticals. The rule is expected to come into effect for strategically important pharmaceuticals as of 1 July 2026. The list of strategically important pharmaceuticals falling under the “two’s a crowd” rule and the categories to which they belong are still under discussion within the Government of Russia.

### 3. Digital Economy

One of the major parts of the general trend of ensuring national security was development of Russian digital economy, including development of local technologies, special regulation of digital forms of trade and payments, development of AI implementation.

**Support of local software development.** The focus on supporting Russian software which started in 2022 continued in 2025. Notably, the exemption of locally developed software from VAT was maintained, despite of the general trend for tax increase. Furthermore, three new registries for Russian software will be introduced on 1 March 2026. These registries are intended to promote local IT development by giving the rightsholders included in these registries a competitive advantage in the Russian market, particularly in government procurement.

**Introduction of regulation of digital platforms.** New law<sup>13</sup> coming into force on 1 October 2026, sets out new rules governing the relationships between operators of digital platforms (such as Ozon, Wildberries or Yandex Market), their partners (a seller or a contractor who sells goods or services through the platform), and users.

The law requires the sellers on online platforms to identify themselves through the Unified Identification and Authentication System or state registries. Intermediary digital platforms will be registered in a new registry, the establishment and maintenance of which will be regulated by the Government of Russia. *Inter alia*, it also requires digital platforms operators to verify sellers through state registers of legal entities when onboarding them to the marketplace, establish a mandatory pre-dispute resolution mechanism for complaints regarding platform actions, ensure equal access to promotion tools on digital platforms that affect the visibility of goods and services in search results.

10 Federal Law No. 116-FZ dated 23 May 2025 (as amended on 29 December 2025) “On Amendments to Articles 9 and 10 of the Federal Law “On the Organization of Passenger and Baggage Transportation by Taxis in the Russian Federation, on Amendments to Certain Legislative Acts of the Russian Federation, and on Recognizing Certain Provisions of Legislative Acts of the Russian Federation as Terminated”.

11 Federal Law No. 44-FZ dated 5 April 2013 (as amended on 28 December 2025) “On the Contract System in the Field of Procurement of Goods, Works, and Services to Meet State and Municipal Needs” (as amended and supplemented, effective 1 January 2026) (“Law On Government Procurement”).

12 Federal Law No. 318-FZ dated 8 August 2024 “On Amending Certain Legislative Acts of the Russian Federation and Recognizing Certain Provisions of Legislative Acts of the Russian Federation as Terminated”.



**Promotion of digital ruble.** According to a report issued by the Bank of Russia in June 2025<sup>14</sup>, over 100,000 transactions involving digital rubles were conducted during the two-year testing period. They included more than 63,000 transfers, around 13,000 payments for goods and services, and over 17,000 executed smart contracts.

In July 2025, a federal law was adopted to regulate the phased introduction of the digital ruble for settlements in Russia<sup>15</sup>. The introduction phases involve credit organizations and trading companies, with the program gradually expanding to include banks of systemic importance and trading companies with annual revenues exceeding RUB 120,000,000 (approx. USD 1,500,000) since 1 January 2026, and then to all credit organizations and trading companies with an annual turnover of more than RUB 20,000,000 (approx. USD 250,000) since 1 September 2028.

**Development of cross-border settlements infrastructure.** In the context of international sanctions pressure, the Russian financial system has pivoted towards decentralized and alternative settlement mechanisms to ensure the continuity of international trade.

There has been a massive expansion of settlements in national currencies which was facilitated by a robust network of correspondent banking accounts established within “friendly” jurisdictions. By bypassing the US dollar and the Euro, Russian businesses have significantly reduced the risk of transaction blocking and asset freezes. The shift away from traditional Western-led payment systems (such as SWIFT) has accelerated use of digital assets for foreign trade settlements. A significant milestone of 2025 in this initiative was the Bank of Russia’s (CBR) formalization of requirements for foreign digital rights (FDR). This regulatory clarity has paved the way for more alternative financial instruments. Notably, the A7A5 ruble-backed stablecoin has been officially recognized as an FDR. This recognition allows FDRs to serve as a bridge between traditional finance and the digital economy, providing a medium for international value transfer.

**Growing AI use in all sectors of economy.** Russian companies and state authorities are either testing or using AI. For example, Russian antimonopoly authority (FAS) developed AI based “Anticartel” state information system. It optimizes data analysis for identification antitrust violations (i.e., cartels). In November 2025 the President of Russia called AI technologies as strategic and encouraged their rapid development. He indicated the need for the establishment of AI Headquarters, requested the heads of regions to develop a strategy for implementation of generative AI in Russia and set the goal of achieving AI technology contribution to Russian GDP in the amount of more than 11 trillion rubles by 2030.

Currently, there is no dedicated law in Russia regulating AI. Its use should comply with general legal framework. In November 2025 a draft law on labeling video products created with the use of AI was submitted to the State Duma<sup>16</sup>. The draft law aims to increase the digital transparency and protect users from being misled by artificially generated video content.

The Ministry of Digital Technology has developed the Concept of AI regulation and there is an anticipation that the legal framework will start its development in 2026.

13 Federal Law No. 289-FZ dated 31 July 2025 “On Certain Matters of Regulation of the Platform Economy in the Russian Federation”.

14 [https://cbr.ru/Content/Document/File/177415/digital\\_ruble\\_30062025.pdf](https://cbr.ru/Content/Document/File/177415/digital_ruble_30062025.pdf).

15 Federal Law No. 248-FZ dated 23 July 2025 “On Amending Certain Legislative Acts of the Russian Federation”.

## 4. M&A

As expected, the exits of foreign companies from the Russian market almost ceased in 2025. Throughout the year, the business community was stirred by news of high-profile de-privatization cases. Against a backdrop of both economic and legal uncertainty, and with expensive financing, buyers demonstrated increased attention to business valuation and to legal risks of the target businesses. These factors amplified the demand for in-depth and detailed due diligence, and for flexible and balanced deal structuring mechanisms that could bridge the valuation gap between seller and buyer. Furthermore, the geopolitical context caused a high level of interest in special business structures.

**De-privatization.** The series of cases related to the nationalization of large industrial enterprises acquired by private owners in the early 1990s, which started in 2021, continued in 2025. The arguments of the state prosecutor centered on violations of the privatization process, breaches of foreign investment legislation, violations concerning the incompatibility of public service and business management, evasion of counter-sanctions rules on cross-border payments and asset seizure through criminal cases.

The trend of 2025 was a shift away from decisions on de-privatization in cases with no political or criminal context. Notably, the Supreme Court of the Russian Federation overturned decisions of lower courts on withdrawal of assets from private property in several cases, with reference to the applicability of statutes of limitations, the importance of protecting bona fide purchasers, and the priority of legal certainty and stability in civil circulation, as well as the importance of a detailed assessment of arguments on alleged violations of the privatization procedure.

**Growing importance of legal due diligence.** The Russian M&A market is experiencing a period of increased focus on legal due diligence in view of several general factors, including:

- new types of regulatory checks concerning ownership title, which have been relevant since 2022 due to counter-sanctions rules limiting both share and asset deals with “unfriendly” counterparties and specific attention of regulatory authorities to strategic types of businesses;
- increased risks for challenging historical privatization procedures due to continued de-privatization trend;
- increased standards of due diligence required by purchasers, in light of recent court practice regarding representations and warranties.

New routine regulatory due diligence checks include:

- identifying unfriendly entities among the controlling shareholders, both at the time of the transaction and in the past, starting from February 2022;
- review of compliance with counter-sanctions rules, e.g., with respect to title to shares, payments of dividends, loans, use of trademarks, etc.;
- review of compliance with sanctions requirements applicable to foreign counterparties;
- assessing specifics of re-domiciled companies;

<sup>16</sup> Draft Federal Law No. 1069302-8 “On Amending the Federal Law “On Information, Information Technologies and Protection of Information” (regarding the mandatory labeling of video materials created using artificial intelligence technologies)”.

- review of target's qualification as strategically important entity.
- review of impact of AI use on certain types of targets and their compliance with applicable regulations.

When considering cases involving claims based on representations and warranties, Russian courts tend to favor the interests of the seller over those of the purchaser. As a rule, the purchasers may lose protection if they had actual knowledge of the circumstances underlying the breach of warranty. Purchasers' protection under warranties may also be limited if they:

- fail to conduct due diligence,
- confirm as part of due diligence or otherwise that they received all requested information,
- do not request specific documents related to the warranty,
- could identify the risk from the provided information, even if it was not explicitly disclosed to them by the seller,
- own shares in the target in parallel with the seller, or
- act as a professional market player.

**Use of Special Business Structures.** In 2025, we saw a substantial increase of interest in such structures as closed mutual funds, various partnerships and private foundations. The demand was driven by various factors, including foreign sanctions, tax exemptions and reductions available for special business structures, legal developments making certain special instruments (e.g., private funds) easier for use by interested persons. To support this demand a number of amendments aimed at increasing flexibility of regulation of mutual funds was introduced starting from the end of 2024 with more coming into force in March 2026. The coming up changes will allow, among other things, for different classes of mutual fund units with varying rights, as well as the determination of a maximum compensation amount upon redemption of units.

## 5. Dispute Resolution

In 2025, the main trends of dispute resolution in Russian courts were driven by foreign sanctions imposed against Russia and Russian companies. In general, Russian courts continue to favor Russian parties, while being highly sensitive to the shifts in the political environment and to the specific circumstances of each case.

**Joint and several liability of subsidiaries of foreign holding companies.** Since 2022, Russian companies have frequently filed claims not only against their foreign contractual counterparties but also against their Russian subsidiaries. The argument put forward was that the subsidiary and the foreign parent constitute a single economic unit that jointly caused the claimant's loss, thereby justifying joint and several liability. The primary purpose of such claims was to enforce action against the assets of the subsidiaries located in Russia. For a long time, Russian courts consistently upheld such claims<sup>17</sup>.

However, the situation began to change in 2025. The Supreme Court of Russia overturned two lower-court decisions that had held Russian subsidiaries jointly liable together with foreign companies<sup>18</sup>. The Supreme Court clarified that group membership alone is insufficient for liability; it must be proven that the subsidiary genuinely participated in the acts that caused the claimant's loss.

Subsequent decisions of the arbitrazh courts have reflected that guidance, with an increasing number of claims against Russian subsidiaries being dismissed where such factual involvement cannot be proven<sup>19</sup>. However, it is important to note that the Supreme Court did not rule out subsidiary liability altogether, but rather set out the conditions under which it may arise. Consequently, we expect courts to adopt a more nuanced, fact-specific approach to such cases in 2026.

**Transfer of disputes affected by sanctions to Russian courts.** Another widely discussed trend in dispute resolution in Russia was the application of Articles 248.1 and 248.2 of the Russian Arbitrazh Procedure Code, which permit the transfer of disputes affected by sanctions to Russian courts.

In 2025, these provisions were applied extensively, even in cases where the dispute was not directly related to sanctions but rather involved the implementation of Russian counter-sanctions<sup>20</sup>. Furthermore, Russian courts have transferred disputes even from the courts of friendly states, such as Kazakhstan<sup>21</sup>.

At the same time, we have noticed that many Russian companies are reluctant to rely on Articles 248.1 and 248.2 of the Arbitrazh Procedure Code, due to concerns about the practical difficulty of enforcing such court decisions abroad, as well as the risk of EU special sanctions. Consequently, we expect Russian companies to use these articles more selectively in 2026 and to seek alternative mechanisms wherever possible.

**Increased difficulty with recognition and enforcement of foreign court decisions and arbitral awards in Russia.** The enforcement of foreign court decisions and arbitral awards in Russia also remained a key area of concern in 2025. In a significant number of cases, Russian courts refused to recognize and enforce foreign decisions and arbitral awards for reasons related to the geopolitical context. For instance, an award in favor of a foreign company that exited the Russian market in 2022 and supported anti-Russian sanctions was not enforced<sup>22</sup>. In another case, a Russian court refused to enforce a foreign arbitral award issued by arbitrators from so-called “unfriendly” states<sup>23</sup>. Such cases have attracted considerable media attention and have fuelled perceptions within the business community that the enforcement of foreign awards in Russia has become almost impossible.

17. E.g., cases Nos. A40-19538/2024, A40-236947/2023, and A40-46479/2024.

18. E.g., cases Nos. A40-167352/2023 and A40-194447/2023.

19. E.g., cases Nos. A40-232285/2023 and A40-122135/2024.

20. E.g., case No. A40-116513/2024.

21. E.g., case No. A41-51293/2024.

22. E.g., case No. A40-118242/2024.

23. E.g., case No. A42-5661/2025.

In practice, however, the situation is less dramatic. Russian courts continue to recognize and enforce foreign decisions, particularly those originating from “friendly” jurisdictions. For instance, in case No. A32-5059/2025, a Baku Commercial Court decision in favor of an Azerbaijani company was recognized and enforced in Russia. Similarly, in case No. A76-43222/2024, a Kazakh court decision in favor of a Kazakh company was enforced. Accordingly, we believe that in 2026 companies from “friendly” jurisdictions can still reasonably expect their court decisions and arbitral awards to be recognized and enforced in Russia against Russian companies.

## About Us

Kucher Kuleshov Maximenko & Partners (KKMP) is an independent Russian law firm organised by the former Moscow team of Debevoise & Plimpton LLP, a world leader in the legal market. We have retained key lawyers and all practice areas developed during almost three decades of Debevoise & Plimpton LLP’s presence in Russia. Our clients continue working with the familiar team that provides world class legal services of highest professional and ethical standards.



We would be delighted to provide more details on the matters briefly described in this Trandscape and advise you on other aspects of Russian law



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