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INVESTING IN RUSSIA 2026

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This brochure reflects the law as of March 2026. Dollar amounts are based on the exchange rate of the Bank of Russia as of April 8, 2026.

We hope that you will find this brochure informative and useful, and we would be pleased to discuss it with you. Please contact us with any questions you may have.

Content

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1 Russia – general information

Territory and Population

The Russian Federation spans Eastern Europe and Northern Asia and is the largest country in the world. Its territory covers 11 time zones, from UTC+2 in the westernmost region to UTC+12 in the easternmost. The central region of Russia, including Moscow and Saint-Petersburg, follows the UTC+3 time zone.

The population of the Russian Federation is approx. 146 million. It is the most populous country in Europe and the 9th in the world.

The capital and the largest city is Moscow, with a population of approx. 13.3 million, followed by St. Petersburg, known as "North capital", with a population of approx. 5.6 million.

Other cities with the population over 1 million people include, among others, Novosibirsk, Ekaterinburg, Kazan, Krasnoyarsk, Nizhny Novgorod, Chelyabinsk, Ufa, Samara, Krasnodar. All are major financial and industrial centers in their respective regions.

Economy

Russia consistently ranks among the top economies globally. Despite serious hardships in recent years, including the COVID-19 lockdown, the ongoing Ukrainian crisis and extraordinary sanctions pressure, Russian economy has adapted to new conditions and demonstrated resilience and positive growth, contrary to initial pessimistic forecasts.

In 2024, the GDP of Russia grew by 4.3%. The Russian Central Bank's economic forecasts show a slower but stable pace of GDP growth in the following years, namely, 1% in 2025 and 0.5-1% in 2026.

The bear is one of the main unofficial symbols of Russia. It is featured on the coats of arms of a number of Russian cities and is a symbol of infamous Olympic games of 1980.

Key sectors of the Russian economy include fuel and energy (including oil, gas and electricity), metallurgy, machinery, chemicals and agriculture. The technology and communications sector have been growing quickly in recent years as well.

Legal System

The Russian legal system is rooted in civil law. The primary sources of Russian law are codified federal laws (e.g., Civil Code, Criminal Code, Tax Code etc.), other laws passed by legislative bodies, and rules and regulations (by-laws) issued by executive authorities. Unlike in a common law system, court decisions do not have precedential value, but they pay a crucial role in interpreting laws and regulations. To ensure consistent application of Russian law, the Russian Supreme Court issues guidance to lower courts on matters of court practice, based on review of court decisions.

International Law Treatment

Russia's Constitution recognizes international law as an integral part of its legal framework and prioritizes international treaties over national legislation. However, the Constitution takes precedence, meaning decisions and resolutions of international bodies are not enforceable in Russia if they conflict with it.

Political System

The Russian Federation is a federal republic consisting of constituent entities of six categories. Each constituent entity has its own constitution (charter), political institutions and local (regional) legislation. The lowest governmental level in Russia is local self-government, whose powers essentially depend on how much authority has been delegated to it by the state bodies. Local self-government bodies are distinct from, and a not part of, state authorities.

The Russian state power is divided into three branches: legislative, executive and judicial.

Legislative power at the federal level is exercised by the bicameral Parliament, the Federal Assembly, consisting of the Federation Council and the State Duma.

Executive power at the federal level is exercised by the Russian Government, ministries and government agencies, such as the Federal Tax Service, which is, among other things, in charge of collecting taxes and business entities registration, and the Federal Antimonopoly Service, whose functions include granting merger control clearance.

Judicial power is vested in the Russian court system, headed by the Russian Supreme Court and the Russian Constitutional Court. See Chapter XII "Dispute Resolution" for further details.

The President of Russia is the Head of State and is responsible for ensuring effective coordination and cooperation among state bodies. The President holds broad powers, including to issue legally binding decrees, veto legislation (subject to certain exceptions), dismiss the Russian Government and, at the moment, approve certain transactions with non-residents referred to as "unfriendly" (See Chapter V "Counter-Sanctions" for further details).

Business Days and Public Holidays

A business day typically refers to Monday through Friday, excluding public holidays.

The following are public holidays in Russia:

- 1, 2, 3, 4, 5, 6 and 8 January – New Year holidays;
- 7 January – Christmas Day;
- 23 February – Defender of the Fatherland Day;
- 8 March – International Women's Day;
- 1 May – Spring and Labor Day;
- 9 May – Victory Day;
- 12 June – Day of Russia;
- 4 November – People's Unity Day.

Generally, if a due date for a payment or other contractual obligation falls on a public holiday or a weekend, it is automatically extended to the next business day.

Business vehicles

Foreign companies can carry out business in Russia through various structures familiar to many other jurisdictions. The most common are:

- a branch;
- a representative office;
- a subsidiary formed as a limited liability company (“**LLC**”) or a joint-stock company (“**JSC**”).

Russian law also offers a number of other forms of doing business, such as general and limited partnerships. However, it is rare for foreign investors to use them in practice.

Branches and Representative Offices

Neither a branch nor a representative office is a separate legal entity, but rather a part of a foreign company. Branches and representative offices operate on behalf of a company that established them, and the respective company is liable for obligations incurred by them.

The role of a representative office is limited to promoting and safeguarding the interests of a foreign company in Russia. Unlike a representative office, a branch can perform some or all of the company’s functions, including engaging in business activities (like selling products or providing services). The exact scope of its functions depends on internal regulations. While not separate legal entities, both branches and representative offices must be registered with the Russian tax authorities in order to operate in Russia.

Some of the central themes in Russian folk tales are kindness, ingenuity, and the ability to achieve one’s goals regardless of social status. In the popular folk tale ‘At the Pike’s Command,’ a simple peasant boy, out of compassion for a pike, acquires a magical gift to grant wishes and eventually attains everything he desired.

LLCs and JSCs

Both an LLC and a JSC are business entities with separate legal personality and limited liability of their shareholders. They are the most common types of legal entities in Russia.

Unlike LLCs, JSCs can obtain public status.

Only public JSCs can raise capital through offering their shares, and other securities convertible into their shares, to the public. Public JSCs are subject to public disclosure requirements and are less flexible in terms of corporate governance. Public JSCs are also subject to public takeover rules. In some cases, however, other JSCs are subject to public disclosure requirements and public takeover rules as well.

Both an LLC and a non-public JSC must have a minimum share capital of RUB 10,000 (approx. USD 127) and can be set up by one or more shareholders, which may be natural persons and/or legal entities. Up until recently a company was not allowed to have another entity with a single shareholder as its sole shareholder (a so-called "matryoshka rule"). This restriction is no longer in effect.

Historically, an LLC was a more common legal form for doing business in Russia than a non-public JSC, mainly because it is easier to set up, cheaper to maintain and is not subject to securities legislation. Overall, this is still the case now, but the use of non-public JSCs has increased lately. They became easier to establish and offer similar flexibility in corporate governance.

Below is an overview of the main differences between an LLC and a non-public JSC.

Criteria	LLC	Non-public JSC
Maximum number of shareholders	50	Not limited
Status of shares	Not securities. LLC shares are often referred to as participation interests and its shareholders are often referred to as participants.	Securities. JSCs are subject to strict securities legislation. In particular, any changes in their share capital must be registered with the Central Bank of Russia.

Criteria	LLC	Non-public JSC
Classes of shares	There is no concept of classes of shares in LLCs, but an LLC charter may grant additional rights to, and impose additional obligations on, certain shareholders.	Ordinary and different types of preferred shares. Shares of the same type confer the same rights on their holders.
Share capital contribution period	All shares must be paid for in full within 4 months of an LLC registration.	50% of the shares must be paid for in full within 3 months of a JSC registration, with the remaining 50% due within 12 months.
Disclosure of shareholders	Shareholders are disclosed in the Unified State Registry of Legal Entities (“**USRLE**”). Certain exceptions are currently available in light of sanctions against Russia.	The USRLE reflects information on initial founders of a JSC. Shareholders are not disclosed in the USRLE unless a JSC has only 1 shareholder, in which case such shareholder must be disclosed. Certain exceptions are currently available in light of sanctions against Russia.
Share transfer	Transfer instrument must be notarized. Transfer is effective upon its registration with USRLE, which can take up to 5 business days.	Notarization of a transfer instrument is not required. Transfer is effective once shares are credited to a purchaser’s account.
Withdrawal from a company	An LLC charter can provide for a shareholder’s right to withdraw from an LLC at any time (and receive the actual value of such shareholder’s shares from such LLC). A shareholder can also withdraw from an LLC in certain circumstances specified by law (such as refusal of other shareholders to provide consent to the transfer of shares by such shareholder to a third party).	A shareholder has no right to withdraw from a JSC, except by selling its shares to such JSC in limited situations specified by law (e.g., reorganization of the JSC).

Criteria	LLC	Non-public JSC
Shareholders' pre emptive rights	All shareholders have a pre-emptive right to acquire shares sold by other shareholders to third parties, unless an LLC charter provides otherwise. Shareholders have no pre-emptive rights to new share issuances, but the issuance of new shares to only one (but not all) of shareholders or to a third party must be approved by all shareholders.	Shareholders have pre-emptive rights to: ▪ acquire shares sold (or otherwise transferred for consideration) by other shareholders to third parties, but only if a JSC charter provides for it; and ▪ acquire shares (and other securities convertible into shares) offered to certain parties by way of closed subscription (i.e., not to the public but to specific persons), but only (i) if the respective shareholders did not vote for such closed subscription and are not holders of specific preferred shares with priority in dividend payments, and (ii) provided that a JSC charter (or the unanimous shareholders' decision to issue the respective securities) does not provide otherwise.
Other restrictions on transfer of shares	An LLC charter can provide for: ▪ such LLC's pre-emptive right to acquire shares sold by its shareholders to third parties in cases where other LLC shareholders did not exercise their pre-emptive right; ▪ prohibition to transfer shares to third parties or requirement to obtain other shareholders' consent to such transfer; and/or ▪ requirement to obtain consent of such LLC to transfer of shares to third parties or other shareholders.	A JSC charter can provide for: ▪ such JSC's pre-emptive right to acquire shares sold (or otherwise transferred for consideration) by its shareholders to third parties in cases where other JSC shareholders did not exercise their pre-emptive right; and/or ▪ requirement to obtain consent of its shareholders to transfer of shares to third parties; such consent requirement, if included in the charter, remains in effect for 5 years.

Criteria	LLC	Non-public JSC
Governing bodies	LLCs can have (i) a two-tier corporate governance model (general meeting of shareholders and executive body (bodies)) or (ii) a three-tier corporate governance model (if an LLC also has a board of directors). The general meeting of shareholders is a supreme governing body, which approves major corporate actions of an LLC (reorganization, liquidation, etc.). Its competence is not limited by law and can be tailored in the charter. If an LLC has a board of directors, such board is responsible for general oversight and direction of the LLC's activities. Its competence must be defined in the charter. LLC must have a sole executive body ("**CEO**"), which is responsible for its day-to-day management and acts on behalf of an LLC. It is possible to appoint 2 or more CEOs (acting separately or jointly). An LLC can also have a management board (collegial executive body), in which case its competence must be defined in the charter.	Generally, the same as in LLCs, except that a JSC must have a board of directors unless the number of shareholders is less than 50.

Criteria	LLC	Non-public JSC
Shareholders' information rights	Each shareholder has the right to obtain key documents relating to an LLC, including financial statements, minutes of board of directors and shareholders meetings, and agreements that constitute major and interested party transactions. In some cases, LLCs may refuse to disclose certain information to their shareholders in light of sanctions against Russia.	Shareholder's information rights depend on their shareholdings. Same as LLCs, in some cases, JSCs may refuse to disclose certain information to their shareholders in light of sanctions against Russia.

Licensing and self-regulation

To perform certain activities, a company must obtain a license from a relevant authority or be a member of a self-regulatory organization ("**SRO**"). SRO sets standards and requirements that its members must comply with.

Licensed activities include, but are not limited to, the following:

- banking and insurance services;
- professional activities in the securities market (broker services, investment management, etc.);
- subsoil use;
- telecommunications;
- medical services and drug manufacturing;
- education.

Membership in an SRO is required to carry out the following activities, among others:

- construction and engineering;
- appraisal;
- audit.

Engaging in activities that require a license without obtaining such license may expose both the relevant legal entity and its officers to administrative liability, and, in the event of major damage, may also incur criminal liability of the officers. Engaging in any activities without a required SRO membership can result in administrative liability for the respective business entity and its management.

If a party to a contract does not have a license or SRO membership required to perform its obligations under the contract, the other party has a statutory right to avoid the contract and claim damages.

3 Foreign investments

Legal framework

The legal framework for foreign investment in Russia is formed by the Constitution, the Civil Code, the Federal Law No. 160-FZ “On Foreign Investments in the Russian Federation” dated July 9, 1999 (“**Foreign Investments Law**”), Federal Law No. 57-FZ on Foreign Investments in Entities of Strategic Importance for National Defense and National Security, dated April 29, 2008 (the “**Strategic Investments Law**”), Federal Law No. 39-FZ “On Investment Activity in the Russian Federation Pursued in the Form of Capital Investments” dated February 25, 1999 and other laws.

Who is a foreign investor?

A foreign investor is defined as:

- a foreign legal entity (not controlled by Russian entities or individuals);
- a foreign organization that is not a legal entity;
- a foreign citizen;
- a stateless person;
- foreign states;
- international organizations.

Organizations controlled by a Russian citizen or Russian organization are not foreign investors.

Alexander Pushkin is a genius Russian poet. His works have shaped the cultural code of Russian literature. Pushkin’s fairy tales are known to all children in Russia. His fairy tale of ‘The Fisherman and the Fish’ teaches one to appreciate what they have and not to be greedy or avaricious.

In some cases, other persons are also recognized as foreign investors. For example, for the purposes of the legislation on strategic companies (under Strategic Investments Law), the following are also recognized as foreign investors:

- Russian citizens that have dual citizenship;
- Russian citizens with a residence permit or other valid document allowing permanent residence in a foreign country;
- foreign agents;
- Russian organizations under control of foreign investors.

Limitations

The activities of foreign investors may be restricted on the basis of federal laws in order to protect the constitutional order, morality, health, rights and legitimate interests of other persons, and to ensure the defense of the country and state security. For example, foreign investors are not allowed to own land in border areas, agricultural land and land designated for seaports. Investments in certain territories, such as closed cities, may also be prohibited.

In some cases, foreign investors must obtain approval from relevant authorities to make investments:

- under Strategic Investments Law;
- under the Foreign Investments Law;
- under the counter-sanctions regime (see Chapter V "Counter-Sanctions").

Investments under the Strategic Investments Law

The Strategic Investments Law imposes legal restrictions on foreign investors seeking to acquire an interest in or control over entities considered to be of strategic importance for national defense and state security.

Strategic Activities

According to the law, 50 activities are considered strategic. The following are some of them:

- defense and military equipment;

- natural resources;
- nuclear energy;
- aerospace and aviation;
- transport security;
- transportation of goods by sea and inland waterway;
- cryptography and encryption;
- mass media;
- fisheries;
- telecommunications.

It should be noted that there is no specific registry of the companies that are considered strategic. The activities that a particular company carries out must be analyzed on a case-by-case basis to determine if it falls into the category of strategic ones. It is essential to exercise caution when doing so, as the interpretation of the law's terms can vary. As a rule, in controversial situations the concept of "strategic activity" is interpreted broadly.

Regulatory Approval

The following transactions or actions by a foreign investor in respect of a strategic company require preliminary approval:

- acquisition, either directly or indirectly, of more than 50% of voting rights in a strategic company (thresholds 5% or 25% may apply under specific circumstances);
- gaining the right to appoint a sole executive body or more than half of the managing board or a board of directors of a strategic company (threshold of 25% or more may apply under specific circumstances);
- gaining the right of a managing company of a strategic company;
- transactions involving the acquisition of, or the right to use, fixed production assets of a strategic company if the value of those assets is 25% or more of the assets of a strategic company or property held in state or municipal ownership and used for strategic activities[1];

1 The amendments to the Strategic Investment Strategic Investments Law covering the state and municipal property as referred to in bullet 4 will come into force on 7 June 2026.

- other transactions aimed at transferring to a foreign investor the right to determine the decisions of a strategic company or the conditions of its business activities.

Preliminary approval will also be required where foreign investors not belonging to the same group of entities/persons establish ‘aggregate control’ over a strategic entity. Foreign investors are deemed to have ‘aggregate control’ over the strategic entity if they are entitled to dispose of more than 50% of the share capital of such entity (subject to certain exceptions where a lower threshold may apply).

More limitations and stricter regulatory regime apply in certain cases, including:

- When the foreign investor has a public status. Public foreign investors include a foreign state, an international organization, a foreign investor that does not provide information, as well as entities under the control of the above-mentioned.
- When the strategic company carries out types of activities of specific significance, e.g., the strictest regime applies to companies that use subsoil resources of federal significance, as well as to fishing companies.

As a general rule, preliminary approval from the Government Commission for Monitoring Foreign Investments in Russia (“**Government Commission**”) must be obtained before a transaction is entered into. However, in some cases, applications for approval can be filed within three months after the trigger date (the transaction, operation or other action date), e.g., if the controlling individual has acquired another citizenship or if there has been a redistribution of shares (stocks) as a result of which the stake of a foreign investor has increased, the application has to be filed within three months after the date of acquisition of a foreign citizenship and after the date of the redistribution, respectively.

The approval process is conducted by the Federal Antimonopoly Service (“**FAS of Russia**”). The final decision is made by the Government Commission .

The review process can take up to three months, but can be extended for another three-month period if additional information or analysis is required.

The review will result in one of three outcomes: approval, conditional approval or prohibition of the transaction.

Post-Notifications

A post-notice must be submitted by a foreign investor to the FAS of Russia if the foreign investor acquires 5% or more of the shares in a strategic company or completes a transaction for which prior approval was granted.

A post-notice is also mandatory if an investor holding 5% or more of the shares in a strategic company (but having no control over the entity) acquires a new citizenship, or if a strategic company in which a foreign investor holds at least 5% or more of the shares in an entity (but not controlling the strategic entity) obtains or renews a license or other permit for a strategic activity.

Investments under the Foreign Investments Law

A transaction of a foreign investor in respect of a Russian company may require consent of the Government Commission even when the Russian company does not fall under the definition of a strategic entity.

The approval procedure is similar to that applicable under the Strategic Investments Law.

Approval may be required in the following circumstances:

- If a foreign state, an international organization, or a legal entity controlled by any of the above acquires more than 25% of the voting rights in a Russian company, either directly or indirectly, or otherwise obtains the ability to block decisions of the Russian company's management bodies.
- If the Chairman of the Government Commission determines that for the purposes of country defense and national security a particular transaction of a foreign investor in respect of a Russian company requires approval of the Government Commission.
- If the FAS of Russia, when reviewing transactions involving companies referred to as "quasi-strategic", decides that the Chairman of the Government Commission must be notified of the transaction. Such "quasi-strategic companies" include, in particular, a city-forming enterprises, dominant market players, and other organizations as listed in the Foreign Investments Law.

Factors influencing the decision include the transaction's impact on the relevant economic sector and whether any obligations should be imposed on the foreign investor under the legal regime for strategic investments.

Liability

Under both strategic investments and foreign investments regulatory regimes described above, transactions executed without the required approval are null and void. Additionally, the shares of the target company and any benefits derived from the transaction may be confiscated under a court order to ensure state security. Alternatively, voting rights attached to the acquired shares may be suspended, and corporate resolutions passed in violation of the law may be declared invalid.

Beyond invalidation, investors may face administrative penalties, including fines imposed both on the investor and on any Russian parties who facilitated the unauthorized transaction.
Administrative fines can reach up to RUB 1 million (approx. USD 13,000).

Given the increasing practice of nationalizing assets of strategic companies, it is critically important to analyze whether an asset qualifies as strategic and if approval is required before concluding transactions.

4 Antitrust law

Antimonopoly legislation in Russia is extraterritorial - it applies to agreements and actions if they affect competition within Russia. Market participants in Russia, including foreign investors, are generally obliged to comply with the rules of competition and not restrict it.

The antitrust regulator is the FAS of Russia, which conducts market surveillance and enforces the law in cases of non-compliance, as well as issues authorizations for certain transactions subject to merger control.

Antitrust requirements apply not only to entities, but also to groups of entities (persons).

Russian antitrust legislation mainly covers: (i) merger control, (ii) unfair competition, (iii) anti-competitive agreements, coordination of economic activity, concerted actions, (iv) abuse of a dominant position, (v) monopolistic activity by owning a digital platform.

Merger Control

According to Russian antitrust law, merger control (i.e., the requirement for the preliminary approval of the transaction by the FAS of Russia) covers different types of transactions and actions. To determine whether a transaction requires prior approval or a notification of the FAS of Russia, the following criteria must be assessed:

Russian fairy tale of 'The Fox and the Crane' originates from Aesop's fables and carries a practical life lesson: "what goes around, comes around'). It ridicules selfishness, hypocrisy, and disrespect for others. Any unjust action will inevitably return like a boomerang.

- **Triggering event.** The following transactions are subject to approval: establishment, affiliation of a commercial organization, merger of commercial organizations, conclusion of a joint venture agreement, acquisition of shares (more than 25, 50, 75%) or participatory interests (more than 1/3, 1/2, 2/3), acquisition of fixed production assets (more than 20% of the balance sheet value of the seller's fixed and intangible assets), acquisition of rights that allow to determine the conditions of business activities of the Russian company.

- **Thresholds.** There are three alternative indicators:

1. the total book value of the assets of the applicant (acquiror) group and the target group exceed RUB 7 billion (approx. USD 89 million) for the calendar year preceding application for merger clearance and the balance sheet value of the assets (worldwide) of the target and its group of persons exceeds RUB 800 million (approx. USD 10.2 million) as of the latest reporting (balance sheet) date, or

2. the total revenue of the applicant (acquiror) group and the target group exceeds RUB 10 billion (approx. USD 124.7 million) for the calendar year preceding application for merger clearance and the balance sheet value of the assets (worldwide) of the target and its group of persons exceeds RUB 800 million (approx. USD 10.2 million) as of the latest reporting (balance sheet) date, or

3. the value of the transaction exceeds RUB 7 billion (approx. USD 89 million).

   Different rules apply to financial institutions. Their thresholds are established by the Government of Russia for certain types of financial organizations.

Since antitrust legislation has an extraterritorial nature, it also applies to a target that is a foreign entity, in case such entity supplies commodities into the territory of the Russian Federation and/or performs works and provides services for the amount of over RUB 1 billion (approx. USD 12.7 million) within a year preceding a date of transaction or other action which requires merger control.

The FAS of Russia considers the application for merger clearance within 15 business days with the possibility of extension of the review for 40 business days, and determines whether the transaction or action will restrict competition, whether there are grounds for other regulatory approvals, for example, for foreign investments or strategic investments control.

The state fee for consideration of the application is RUB 400,000 (approx. USD 5,000).

Non-compliance with the prescribed procedure for obtaining the preliminary merger control clearance can result in fixed administrative fines and civil claims by the FAS of Russia to nullify the transaction or to liquidate the company established in the absence of the required merger control clearance. These nullification or mandatory liquidation claims are considered before a court and can be satisfied only if the transaction or the joint venture has had or is likely to have a negative impact on competition.

Abuse of a dominant position

A dominant position shall be deemed the position of an entity or a group of entities in the market of a certain commodity. Dominant position has 2 criteria:

- **Market Share.** Market dominance is presumed when an entity's or a group of entities' market share exceeds 50%. If the share is less than 50%, an entity or a group of entities can be deemed dominant in certain cases. In any case, a market share of less than 35% cannot be considered dominant (with certain exceptions, including market shares in financial markets, telecommunications and ports).
- **Market influence.** An entity or a group of entities has market influence, if it has an opportunity to: (i) exert a critical influence upon the general conditions of circulation of a commodity in the relevant market; and/or (ii) exclude entities from the commodity market; and/or (iii) impede access of entities to the commodity market.

Russian antitrust law also provides for the regulation of collective dominance, where several independent entities jointly and stably hold dominant position. The criteria of the dominant position are as follows: (i) the aggregate market share of no more than three entities at the same commodity market sustained for a long period of time, exceeds 50%, or the aggregate share of no more than five entities exceeds 70%; and (ii) the share of each of the entities referred to in (i) is not less than 8%. The above regulation of collective dominance does not apply to the financial organisations.

A dominant position itself is not a violation. Once an entity has a dominant position in the market of a certain commodity, it is subject to the prohibition on abusing its dominant position, including, but not limited to, the following actions:

- fixing and maintaining monopoly prices;

- withdrawing goods from sale if this results in an increase in the price of such goods;
- imposing unfavorable contractual conditions;
- economically or technologically unjustified refusal to contract with a counterparty;
- economically or technologically unjustified reduction or cessation of production of the goods;
- creation of discriminating conditions;
- creation of obstacles to the entry or exit of other parties from the market for goods, etc.

In the event that a company is found to have violated antitrust law by abusing a dominant position, it may be subject to (i) fines or orders to remit the obtained income to the federal budget, (ii) orders to cease the violations or eliminate its consequences, (iii) civil claims.

A dominant position implies significant restrictions on contractual and pricing activities, and abuse of such a position entails serious consequences. Therefore, it is important for companies to correctly assess both market share and market behavior.

Monopolistic activity by owning a digital platform

This activity is closely connected to abuse of a dominant position in terms of prohibitions and responsibilities. The following criteria need to be analyzed:

- is the platform transactional;
- is the market characterized by a network effect;
- the platform's share;
- the platform's revenue.

Unfair Competition

Unfair competition is defined as actions of an entity which (i) are aimed at gaining unjustified competitive advantages in the exercise of business activities, (ii) contravene the legislation of the Russian Federation, and the business practice, (iii) do not comply with the requirements for honesty, reasonableness and fairness and (iv) have caused or can cause losses to its competitors, or (v) damaged or can damage business reputation of the competitors.

These practices are prohibited by law and include, but are not limited to:

- discreditation;
- misleading;
- incorrect comparison;
- acquisition and use of intellectual property rights;
- creating confusing similarity with the activity of competing business entity;
- illegal receipt, use or disclosure of commercial secrets.

Unfair competition may result in (i) administrative fines of up to RUB 20,000 (approx. USD 255) or disqualification for the term of up to three years for the officers and up to 15% of the total revenue derived by the offender from the sale of goods (works, services) in the market where the offence was committed, but not less than RUB 100,000 (approx. USD 1,277) for the legal entities, (iii) civil claims (for example, recovery of damages or compensation).

Anti-Competitive Agreements, Coordination of Economic Activity, Concerted Actions

There are four types of anti-competitive agreements: (i) cartels, (ii) vertical agreements, (iii) other anti-competitive agreements and (iv) anti-competitive arrangements with authorities.

Cartels are per se the most rigid violations which lead to:

- maintaining prices, tariffs, discounts, allowances, etc.;
- raising, lowering or maintaining bidding prices;
- division of the commodity market;

- reduction or cessation of production of goods;
- refusal to contract with certain sellers or buyers.

Vertical agreements are the agreements between a supplier and its purchaser in the supply chain of a certain commodity, for example a distribution or dealer contract. Vertical agreements are prohibited if such agreements result or may result in fixing the minimum resale price for the goods or restrict the purchaser (the distributor) from selling the goods of the supplier's competitor.

Other anti-competitive agreements are prohibited, if such agreements restrict competition.

Anti-competitive arrangements with authorities are similar in nature to cartels. However, unlike cartels, which are prohibited because their anti-competitive effects are presumed, arrangements with authorities are not prohibited per se and require proof of actual negative consequences on the relevant market.

Coordination of an economic activity (the alignment of the actions of the operating companies by a third party which does not form part of the group of those operating companies and does not operate in the same market) may be prohibited if it results in restriction of competition such as price fixing or market division.

Anti-competitive concerted actions are prohibited. Unlike the anti-competitive agreement, the concerted actions (i) are not based on an agreement, (ii) are performed in the interests of each of the entities involved in the concerted actions, and (iii) are conditioned by a public statement of one of the entities involved.

Violations in the field of anti-competitive agreements, coordination of economic activity, concerted actions may result (i) fines, mostly turnover, (ii) order, which can influence the business, (iii) civil claims, (iv) criminal liability (for cartels).

In order to comply with antitrust prohibitions, it is necessary not only to know the legislation and practice, but also to correctly analyze commodity markets. Regular monitoring of antimonopoly compliance will significantly help to reduce business risks.

Counter-sanctions

The counter-sanctions are a set of measures aimed at neutralizing the international sanctions' effects on Russian economy and imposing reciprocal restrictions on citizens and legal entities with ties to those countries which upheld sanctions against Russia (so called "**unfriendly states**"[2]).

Counter-sanctions have been established by adoption of the following acts:

- Federal Law No. 127-FZ "On Measures (Countermeasures) in Response to Unfriendly Actions of the USA or other Foreign States" dated June 4, 2018, which described the scope of possible countermeasures and gave the President of Russia authority to establish such measures;
- Decrees of the President of Russia;
- Regulations of the Government of Russia.

The Bank of Russia and certain state bodies, such as Ministry of Finance, have the authority to issue official clarifications on the matter of counter-sanctions. These clarifications are crucial for market participants to correctly interpret and apply the regulations in line with the intended purpose.

Main counter-sanction measures can be divided into following categories:

An introduction to native folklore often begins with the folk tale of Kolobok (the little round bun). This folk tale is international: in Russia, it is Kolobok, in the US, it is the Gingerbread Man; in the UK, it is Johnny Doughnut, in China it is an escaped bread - Xiao Mianbao (小面包). The parallels can be drawn between Kolobok's peculiar journey and the Taoist principle of Tao, which embodies the concept of eternal motion and cosmic harmony with nature.

2 The list of "unfriendly" states is established by the Order of the Government of Russia No. 430-P dated March 5, 2022 and includes, inter alia, EU member states, United Kingdom (including the Crown Dependencies and the British Overseas Territories), Japan, Singapore, etc.

- restrictions on any transactions (including foreign trade contracts) with any persons sanctioned by Russian Federation (listed as "sanctioned persons")[3];

- restrictions on certain types of transactions with persons connected with "unfriendly" states:

  - transactions with securities and participatory interests in the share capitals of Russian entities and transactions with real estate[4];

  - payment of dividends or performance of obligations on other financial instruments[5];

  - loans and credits[6];

  - purchase of intellectual property and royalty payments[7];

- restrictions on the transfer of funds abroad[8];

- restrictions on the import and export of certain products[9];

- "classic" freeze of funds, securities and assets of sanctioned person or entity[10];

- temporary external management over foreign companies' assets[11].

In turn, restricted transactions may be divided into fully prohibited (e.g., the transfer of funds from local bank accounts of unfriendly persons to their foreign accounts) and allowed subject to approval.

Depending on the particular measures and the type of transaction, such approval should be given by the Government Commission, the Bank of Russia, the Ministry of Finance, the Ministry of Industry and Trade or the President of Russia.

3 Decree of the President No. 252 dated May 3, 2022.

4 Decree of the President No. 81 dated March 1, 2022; Decree of the President No. 95 dated March 5, 2022; Decree of the President No. 254 dated May 4 ,2022; Decree of the President No. 737 dated October 15, 2022; Decree of the President No. 138 dated March 3, 2023; Decree of the President No. 844 dated November 8, 2023; Decree of the President No. 520 dated August 5, 2022; Decree of the President No. 618 dated September 8, 2022.

5 Decree of the President No. 95 dated March 5, 2022, Decree of the President No. 254 dated May 4, 2022.

6 Decree of the President No. 79 dated February 28, 2022, Decree of the President No. 81 dated March 1, 2022

7 Decree of the President No. 322 dated May 27, 2022, Decree of the President No. 430 dated May 20, 2024.

8 Decree of the President No. 79 dated February 28, 2022 and consequent acts of the Bank of Russia

9 Regulation of the Government No. 778 dated August 7, 2014, Decree of the President No. 100 dated March 8, 2022, Regulation of the Government No. 311 dated March 9, 2022, Regulation of the Government No. 312 dated March 9, 2022, Regulation of the Government No. 313 dated March 9, 2022.

10 Decree of the President No. 592 dated October 22, 2018, Regulation of the Government No. 1300 dated November 1, 2018.

11 Decree of the President No. 302 dated April 25, 2023.

For example, if an "unfriendly" entity decides to dispose of its participatory interest in the Russian LLC, which is not engaged in any strategic activities, it should apply to the Government Commission.

There is a clearly established procedure as well as certain common conditions on which the approval is granted, including payment of an "exit tax", providing a discounted purchase price, establishing operating KPIs for the purchaser, settlements in RUB, etc. However, the Government Commission still has full discretion on the issuance of the approval.

"Unfriendly" status criteria

An individual or entity is considered "unfriendly" if they meet one of the following criteria:

- citizens of "unfriendly" states;
- legal entities registered in "unfriendly" states;
- legal entities that predominantly conduct their business in an "unfriendly" state or the place where they predominantly derive profits from their activities is an "unfriendly" state;
- legal entities directly or indirectly controlled by a person categorized as one of the above.

If the persons do not meet the criteria above, they are generally classified as "friendly", subject to certain exceptions. Besides, a connection with an "unfriendly" state may be disregarded if a citizen of an "unfriendly" state also holds Russian citizenship, or a Russian person controls an "unfriendly" foreign entity provided that such control has been duly reported to Russian tax authorities.

Payment of dividends to foreign investors

Russian companies may pay dividends to "unfriendly" shareholders within the amount of RUB 10 million (approx. USD 127,700). For monthly dividend payments exceeding this threshold, companies must deposit the funds into a special C-type account opened for the relevant shareholders in a Russian bank, where these funds are blocked. The regime of C-type accounts prevents shareholders from any practical use of received dividends.

Alternatively, this restriction may be lifted if a Russian company obtains a special permission from the Commission or the Bank of Russia to pay dividends directly to unfriendly shareholders before any funds are transferred into C-type account. The decision to grant such permission lies entirely at the Commission's or Bank of Russia's discretion.

In this context, the Russian Ministry of Finance has published eligibility criteria that will be considered when reviewing permit applications. These conditions include, but not limited to: dividend payments not exceeding 50% of the company's net profit for the previous year, commitment from foreign shareholders to maintain business operations in Russia, compliance with KPIs verified by federal executive authorities or the Bank of Russia, etc.

The above restrictions do not apply to "friendly" shareholders, subject to certain exceptions.

Distribution and supply agreements with foreign investors

From a counter-sanctions perspective, there are no direct regulations governing distribution or supply agreements. However, Russian companies are prohibited from, inter alia, engaging in transactions with any sanctioned persons[12].

We recommend verifying the list of sanctioned persons, checking your agreement against the list of restricted import/export products, and carefully drafting supply and payment terms to mitigate risks associated with currency rate fluctuation and potential delivery delays.

Liability

Banks, financial institutions, and securities market participants (including brokers and depositories) closely monitor compliance with counter-sanction measures. Violations may result in administrative liability or even revocation of their operating licenses. For Russian individuals and legal entities, there is no direct liability for breaching counter-sanctions regulations, except in cases involving illegal currency transactions, which may result in administrative or criminal penalties. However, recent court practice indicates that transactions not compliant with counter-sanction measures (for example, the sale and purchase of securities between Russian residents and unfriendly parties) should be regarded as null and void.

12 Decree of the President No. 252 dated May 3, 2022.

Currency control

Russian currency control regulations govern foreign exchange transactions, cross-border money flows, and reporting obligations for Russian currency residents and non-residents. The legal framework is primarily based on Federal Law No. 173-FZ “On Currency Regulation and Currency Control” (Currency Control Law), supplemented by Presidential decrees and regulations of the Government of Russia and the Central Bank of Russia.

The key regulatory bodies include the Central Bank of Russia, the Federal Financial Monitoring Service (Rosfinmonitoring), the Federal Customs Service and the Federal Tax Service, which issue binding regulations within their authority.

Foreign companies and individuals are generally considered non-residents for the purposes of currency control, whilst Russian companies and nationals are generally considered residents.

Key takeaways

Treatment of residents

Foreign investors are generally classified as currency non-residents under Russian law; however, foreign-owned Russian subsidiaries are considered residents and are subject to the same restrictions as other legal entities registered in Russia.

These resident entities face numerous transaction restrictions and requirements.

Alexander Afanasyev was an outstanding Russian historian and literary critic, often called the ‘master storyteller of all Russia.’ He pioneered the systematization and publication of the largest folk tale collection in the world. Among his works is ‘The Flying Ship,’ a fairy tale that celebrates the strength of true love and friendship.

For example, payments in foreign currency between residents are generally prohibited, although exceptions to this rule exist.

Most export and import contracts must be registered with a Russian bank acting as an agent of the government. Residents are obligated to inform the bank about the performance of their contractual obligations, any extensions to the contract terms, or any other modifications.

Certain residents are required to ensure that consideration for exported goods and services is received into accounts held in Russian banks – effectively repatriating revenue from international contracts.

While this requirement is currently not enforced for most residents, they remain obligated to ensure contracts are duly performed and to comply with similar requirements regarding repatriation.

Opening overseas bank accounts entails reporting obligations. Residents must report both the opening (or closure, or changes to details) of such accounts, and the yearly cash flows within them. There are limitations on the types of proceeds residents can receive in their foreign accounts, and on how those accounts can be used for payment purposes.

Treatment of non-residents

After completing KYC and compliance procedures, foreign investors may open and operate accounts in Russian authorized banks both in RUB and permitted foreign currency. These accounts may be used to carry out business-related payments within Russia and abroad, including salaries, taxes, supplier payments, etc.

Payments between Russian residents and non-residents may be made in either RUB or foreign currency, provided that the transaction is conducted through a bank account opened with a Russian bank. However, due to counter-sanctions regime, this requirement has been temporarily suspended, allowing cash settlements between Russian residents and non-residents, subject to compliance with specific regulatory conditions. Transactions between non-residents are generally exempt from Russian currency control regulations.

Specific restrictions based on ties to “unfriendly” states

As of March 2026, currency restrictions for persons from “unfriendly” states remain in effect.

In response to international sanctions, the transfer of funds abroad from Russian bank accounts is currently subject to temporary restrictions. Non-residents from “unfriendly” states are prohibited from transferring any funds abroad from Russia, except for salary transfers. At present, no specific transfer limits apply to legal entities and individuals associated with “friendly” jurisdictions.

Legal entities from “unfriendly” states may purchase foreign currency on the Russian foreign exchange market using special In-type accounts introduced in 2025 for investing in Russia and transferring funds abroad.

Liability

Violations of currency control may result in administrative fines, potentially up to 100% of the non-compliant transaction amount in cases of repeat breaches. Both individuals and legal entities are subject to administrative liability, while individuals may additionally incur criminal liability – particularly those responsible for executing unlawful transactions.

Banks monitor all transactions and their supporting documentation between residents and non-residents to ensure compliance with currency control regulations. In the event that a bank identifies a transaction that is not in accordance with currency control regulations, it will suspend the execution of that transaction until the noncompliance is rectified.

7 Employment

In the Russian legal system, labor law is a distinct branch, separate from civil law. Employment relations are primarily regulated by the Labor Code, along with specialized federal laws covering social insurance, workplace safety, trade unions, and other labor-related matters.

A key principle of Russian labor law is employee protection. Employers cannot reduce rights guaranteed by state legislation, collective agreements, or other labor contracts. This stance has been affirmed by the Russian Supreme Court.

Contracts for Employment

Labor relations are generally formalized through a written labor contract, which must be concluded in Russian (or bilingually). This agreement establishes the employee's job responsibilities and the employer's obligation to pay wages. The contract must include essential terms, such as job position and workplace, salary amount and payment terms, working hours and rest periods, etc.

Russian law recognizes two main types of labor contract:

- indefinite-term – the standard form with no fixed end date.
- fixed-term – limited to a maximum of 5 years, permitted only in specific cases (e.g., seasonal work, temporary replacements).

Employees have the right to resign at any time without providing a reason, though they must generally give two weeks' notice. Employers, however, can only dismiss workers on lawful grounds, such as staff reductions, incompetence of repeated violations, gross misconduct.

«Three maidens by the window sat, spinning late at night; 'If I were queen,' one maiden said, 'my life would be so bright...'» This is a start of one of the most famous fairy tale «The Tale of Tsar Saltan» by Alexander Pushkin. It is full of symbolism. The spinning echoes the circle of life and Moirai - three goddesses of destiny, rule over human existence.

Strict legal procedures apply to dismissals. If terminated unlawfully, an employee may be reinstated with back pay, and the employer could face administrative or even criminal penalties.

Wages and Paid Leaves

The federal law establishes a nationwide minimum wage, which is set at RUB 27,093 per month (approx. USD 344) as of January 1, 2026.

Regional authorities may establish higher minimum wage levels; for example, Moscow's minimum wage stands at RUB 39,730 (approx. USD 507) as of January 1, 2026. Employers are legally prohibited from paying full-time employees below these rates if they have properly fulfilled their job duties.

Salaries must be paid at least twice per month, with no more than 15 days between payments.

All employees are entitled to 28 calendar days of paid annual leave, while those working in hazardous conditions or with irregular schedules may qualify for extra leave days. These regulations ensure basic income security and fair working conditions across Russia.

Employment of Foreign Nationals in Russia

Russian labor law applies equally to foreign workers unless Russian federal laws or international treaties to which Russia is a party provide otherwise. Employers must comply with various regulations, including government-set quotas limiting foreign hires in certain sectors

Foreign employees can be dismissed under standard labor law grounds, but additional reasons apply, such as expired work permits, revoked employer hiring licenses, or loss of legal residency status.

Several categories of foreign workers are distinguished:

Visa-Required Workers

This category includes citizens of countries that do not have a visa-free regime with Russia. They may stay in Russia for the duration of their visa. To employ such foreigners, the employer must obtain a permit to hire foreign workers, and the employee must obtain a work permit.

To maintain a valid work permit, foreign workers must obtain a state certificate proving their proficiency in the Russian language, knowledge of Russian history, and fundamentals of Russian legislation.

Foreigners working under the government quota are exempt from these testing requirements when applying for permits.

Highly Qualified Specialists (HQS)

HQS benefit from a privileged status, provided they meet strict income requirements (minimum RUB 750,000 (approx. USD 9,600) per quarter) and possess documented professional qualifications. This category enjoys significant advantages, including reduced personal income tax rates (13-22% instead of the standard 30% for foreigners), exemption from workforce quotas, and renewable three-year work permits tied to their employment contracts.

Visa-Free Workers

Citizens of visa-free countries, including most nations within the Commonwealth of Independent States, must obtain work patents, except for those from EAEU member states (Armenia, Belarus, Kazakhstan, Kyrgyzstan) who only need their national passports and migration cards for employment.

Temporary Residents

Foreigners holding temporary residence permits may work without additional authorization, though only within the region that issued their permit.

Permanent Residents

Those with permanent residence status enjoy employment rights nearly identical to Russian citizens, free from any work permit requirements.

Liability

Foreign nationals illegally present in Russia are generally subject to an expulsion regime, which imposes significant restrictions on rights including marriage, property registration, banking operations, and driving. Individuals subject to this regime are entered into a register of controlled persons, and their information is publicly accessible online for employers and other interested parties to verify.

Entities that violate Russian migration laws are subject to administrative fines, typically ranging from RUB 250,000 to RUB 1,000,000 per violation, or suspension of operations for up to 90 days. The most significant penalties apply to unlawful employment, failure to notify competent authorities, and non-compliance with registration requirements, with increased liability in Moscow and St. Petersburg.

KKMP LEGAL

Personal data

What is personal data?

Personal data refers to any information related to an identified or identifiable individual (personal data subject). The following categories of personal data are distinguished:

- general personal data (first and last name, date of birth, passport details, address, phone number, email, etc.);
- special categories of personal data (race, nationality, political and philosophical views, religion, health status, etc.);
- biometric personal data (facial images, fingerprints, iris scans, voice, etc.);
- anonymized personal data, which does not allow the identification without additional information.

The legislation does not contain a closed list of personal data. For example, the processing of web cookies is related to the processing of personal data.

What is personal data processing?

The processing of personal data encompasses any actions (operations) performed on personal data, with or without the use of automation tools, including collection, recording, systematization, accumulation, storage, clarification (update, change), extraction, use, transfer (distribution, provision, access), anonymization, blocking, deletion, destruction.

The tale of 'Kurochka Ryaba' (the Speckled Hen) is more than just a simple nursery rhyme. It is a profound philosophical parable about the value of life. In this story, gold symbolizes wealth, yet it proves to be 'dead' and useless, whereas the broken plain egg represents life itself, renewal, and the transition through crisis toward salvation.

When is a foreign investor considered a personal data operator?

Personal data law has extraterritorial effect and applies to the processing of personal data of Russian citizens. The law does not apply to the processing of personal data by individuals for personal and family needs.

If a foreign investor processes personal data of Russian counterparties and clients, and (or) has a website targeting a Russian audience, and (or) has Russian employees, it will be an operator of personal data and will be obliged to comply with the requirements of the law.

Legal grounds for personal data processing

The primary legal basis for processing personal data is the data subject's explicit, informed, and specific consent, which must be documented separately. Processing without consent is permitted only when justified by other legal grounds, such as:

- compliance with a legal obligation;
- participation in legal proceedings;
- protection of vital interests of the data subject;
- performance of a contract involving the data subject;
- legitimate interests pursued by the operator, among others.

What are the main obligations of a personal data operator?

An operator must, among other duties:

- provide legal grounds for processing and obtain necessary consents;
- include data protection clauses in contracts with third parties;
- publish privacy policies and consent forms on the website;
- appoint a Data Protection Officer or responsible person;
- implement security measures to protect personal data;
- conduct internal control and/or audits to ensure compliance;

- familiarize its employees with documents related to the processing and protection of personal data;
- notify Roskomnadzor about the intention to process personal data.

Localizations and cross-border transfer

Localization and cross-border transfer are two different requirements for personal data operators. At first an operator must localize the personal data, only then an operator transfers it.

Localization means that data operators (and processors) must collect personal data of Russian citizens with databases located in Russia.

Cross-border transfer of personal data refers to the transfer of an individual's personal data to a foreign country, foreign state authority, foreign legal entity, or individual.

The law distinguishes two types of cross-border data transfer:

- the transfer of data to countries with adequate protection of personal data (Safe Countries); and
- the transfer of data to countries without adequate protection of personal data (Unsafe Countries).

For example, the People's Republic of China is considered as a Safe Country, while the United States is considered as an Unsafe Country.

Operators must notify Roskomnadzor before transferring data abroad. Transfers to Safe Countries can proceed after notification; transfers to Unsafe Countries require a 10-business-day waiting period and may be restricted or prohibited by Roskomnadzor.

Regulatory authority

The Federal Service for Supervision in the Sphere of Telecommunications, Information Technology, and Mass Communications ("**Roskomnadzor**") oversees data protection enforcement. Its powers include, among other things, filing lawsuits in court to protect the rights of personal data subjects, holding those responsible for violating the Personal Data Law liable, maintaining a register of operators processing personal data, etc.

Liability

Liability for violation of personal data laws varies depending on the type of violation committed:

- as a general rule, the administrative fine for breach of personal data processing rules amounts to RUB 300,000 (approx. USD 3,800) for legal entities;
- violations of personal data localization rules can lead to administrative fines of up to RUB 18 million (approx. USD 229,900) for legal entities;
- violation which led to unlawful transfer of or access to personal data containing biometric data may lead to administrative fines of up to RUB 20 million (approx. USD 255,400), with repeated offenses leading to administrative fines of up to 3% of annual revenue but no more than RUB 500 million (approx. USD 6.4 million);

Violation of personal data legislation may also entail criminal liability and civil liability in the form of recovery of damages or compensation for moral damages.

IP protection

Russian law provides comprehensive regulation and robust protection of intellectual property. This protection in certain cases is extended to foreign right holders as well.

Russia is a member of the World Intellectual Property Organization (“**WIPO**”) and a signatory to key international treaties, including the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, and the TRIPS Agreement (Trade-Related Aspects of Intellectual Property Rights) under the framework of the World Trade Organization (“**WTO**”). These treaties oblige Russia to adhere to international standards in protecting IP rights.

Russian IP law protects a wide range of IP objects, which are divided into two categories:

- results of intellectual activity (works of art, literature, and science; inventions, utility models and industrial designs; software and databases (protected as copyrighted work); trade secrets, etc.);
- means of individualization of companies, goods, works and services (trademarks and service marks, company and trade names, appellations of origin and geographical indications).

Domain names are not listed among objects of IP under Russian law. A registered domain name by itself is not considered a prior right impeding the registration of a trademark.

Violation of intellectual property rights may result in civil, administrative, or criminal penalties under the law.

Vasilisa the Wise (variously known as Vasilisa the Beautiful, Elena the Beautiful, Elena the Wise, Marya the Artful, or Marya Morevna) is a central figure in Russian folk tales. She is the beloved of the hero who triumphs over evil.

Trademarks, trade names and company names

Rights to **trademarks** are recognized and protected subject to their registration with "Rospatent" (Federal Intellectual Property Service) or by virtue of international agreements to which the Russian Federation is a party.

Russia is a member of the Madrid trademarks registration system that makes the registration of trademarks internationally easier and cheaper.

It is also expected that a regional trademark registration system within the Eurasian Economic Union ("**EAEU**") will be launched. Currently, the EAEU member states are developing the necessary documentation to implement this regional registration process.

Trademark protection is granted for 10 years and can be renewed indefinitely for successive ten-year intervals. Trademark protection can be cancelled by the IP Court based on an application by an interested party for all or part of the listed goods and services on grounds of non-use, whether complete or partial, during any uninterrupted three-year period following the mark's registration.

The timeframe for reviewing a trademark registration application is about one year from the submission date to registration, assuming a positive decision by Rospatent. Rospatent assesses all applications for compliance with formal and substantive criteria, including checking for conflicts with prior rights. A coexistence agreement with the holder of prior rights or their written consent may help to overcome a provisional refusal.

Trademark priority is granted to those who were the first applicant to file a registration application ("first-to-file principle"). While unregistered marks used as trademarks lack legal protection, significant pre-application use can help establish acquired distinctiveness for a mark that is inherently non-distinctive.

It is recommended to perform a search of existing registered trademarks and pending applications ("clearance search") for comparable goods or services before using or filing a trademark for registration.

Russian trademark law does not feature a formal opposition process. Third parties can only contest trademarks after they have been registered. However, it is permissible to file an informal objection raising arguments against registration while the undesirable mark is still under examination.

The information on trademarks is publicly available. The official resource fips.ru can be used for searching trademarks based on specific details for a nominal fee. Also, Rospatent has launched a trademark search service: https://searchplatform.rospatent.gov.ru/trademarks. Platform users are granted access to information on trademarks, service marks, well-known trademarks registered by Rospatent, as well as international trademarks protected in the territory of the Russian Federation in accordance with the Madrid Agreement.

Well-known trademarks benefit from broader protection under Russian law, which can be recognized if certain conditions are met. Legal protection of a well-known trademark is perpetual, may be retrospective and extending beyond the goods and services for which the registration was originally granted. The procedure of recognizing a trademark as well-known may be used to prohibit the use of identical or confusingly similar marks belonging to third parties in connection with different goods and services.

Any Russian commercial legal entity must have a **company name**, which includes the designation of the corporate form and the actual name. The exclusive right to the company name is effective from the moment the company is registered in the Corporate Register (USRLE) and cannot be transferred. Russian Federal Tax Service, the authority keeping the Russian Corporate Register, does not enforce private rights to company names and the registration of a company with the same name as an existing company already uses is allowed; however, the latter is entitled to protect its right to the company name before a court.

In addition to a company name, businesses in Russia are also entitled to use a **trade name** for the individualization of their enterprises (including on signage, letterheads, product packaging, and online). Unlike a company name, a trade name is not required to be included in the Corporate Register, and the right to it can be transferred under a contract.

Unlike a trademark, a trade name does not need to be registered. The trade name or its elements can be used in a trademark. At the same time, a trade name included in a trademark is protected independently of the trademark's protection.

The exclusive right to a trade name terminates if the right holder does not use it continuously for one year.

Patents

The Russian patent system offers protection for inventions, utility models, and industrial designs.

An **invention** is a technical solution in any field of technology, which may relate to a product (e.g., a device, substance, composition, system, microbial strain, or cell culture of plants and animals) or a method/process, including the use of a new product or method for a new purpose. Patent protection is awarded for an invention if it satisfies the criteria of novelty, inventive step (non-obvious from prior art), industrial applicability.

A **utility model** is a technical solution pertaining to a single device. Patent protection is provided for a utility model if it satisfies the criteria of novelty and industrial applicability.

An **industrial design** concerns the external appearance of a product of industrial or handicraft origin. Patent protection is awarded to an industrial design if it meets the criteria of worldwide novelty and originality.

The protection is granted subject to the registration and issuance of a patent by Rospatent for a limited period of time upon payment of annuities:

- 20 years for inventions;
- 10 years for utility models;
- 5 years for industrial design (can be extended multiple times for 5 years each, but not exceeding a total of 25 years).

The term of a patent for an invention related to a medicine, pesticide or agrochemical, the use of which is subject to obtaining special permission (marketing authorization), may be extended at the request of the patent owner for a period not exceeding 5 years. Such patent term extension may be granted upon a patent owner's request and a supplemental patent is granted in the scope covering the corresponding product only.

The patent holder has the exclusive right to use an invention, utility model, or industrial design covered by the patent within the specified term. No individual or entity may commercially exploit the patented item, including through importation, production, use, offering for sale, selling, or other means of distribution, or even storing it for these purposes, without the patent holder's permission during the exclusive right protection period.

Upon the expiration of the effective term of the exclusive right, the invention, utility model and industrial design pass into the public domain..

Patent registration and issuance operate on the "first-to-file" principle. Russia has two patent systems for inventions: national and regional.

Within the national patent system, a patent application is filed with the Federal Service for Intellectual Property of the Russian Federation ("**Rospatent**")

Within the national patent system, a patent application is filed with the Eurasian Patent Organization ("**EAPO**"). The regional patent system operates under the Eurasian Patent Convention of 1995, which allows one Eurasian patent to be effective in 8 member states of the CIS (including Republic of Azerbaijan, Republic of Armenia, Republic of Belarus, Republic of Kazakhstan, Kyrgyz Republic, Russian Federation, Republic of Tadzhikistan, Republic of Turkmenistan).

The examination of a patent application by Rospatent or Eurasian Patent Office can generally take from six months to a year and a half, depending on the type of object in question. The content of the patent, including the patent claims, is publicly accessible after its publication.

In 2024, Russia broadened the scope of what can be patented in the IT sector. Now, not only technical inventions and utility models can be patented but also IT-solutions including algorithms for natural language processing, machine-readable media containing programs or data for computer operation, technical solutions designed to obtain physical, chemical, or biological data, including algorithms for AI.

As an alternative to patent protection, technical innovations (as well as any commercially valuable information) can be protected as trade secrets (know-how). This protection can be established simply by taking measures to prevent information disclosure and is perpetual as long as the confidentiality regime is maintained. However, the trade secretes regime provides more limited protection to that enjoyed by patent holders: it does not grant priority in commercialization and cannot be enforced against third parties who use such information in good faith.

Copyright

Russian copyright law protects literary, musical, and artistic works, among others. Copyright protection is granted automatically upon the creation of an original work of authorship. The duration of copyright protection generally lasts for the life of the author plus seventy years, aligning with international standards.

Additionally, Russia recognizes moral rights, allowing authors to claim authorship and object to any distortion or mutilation of their work.

Personal (moral) rights include the right of attribution, the right to be identified as the creator, the right to disclose the work to the public, the right to uphold the integrity of the work. These moral rights are inseparable from the author (who must be a natural person) and cannot be transferred or renounced. Moral rights are protected indefinitely.

In terms of copyright, legal protection of software and databases is particularly significant for businesses. Under Russian law, software and databases is viewed as a literary work and is protected according to the corresponding rules. Software itself cannot be patented, except as part of a technical device. However, software can be voluntarily registered in the separate state register.

This registration can facilitate the process of proving ownership in the event of a dispute. In practice, an increasing number of software rights holders in Russia choose to register their software. The transfer of exclusive rights in registered software and databases must also be registered. The right to use software may be granted through a software license agreement without registration.

IP rights to employee creations

As a rule, an employer acquires proprietary (exclusive) rights to the IP created by an employee exclusively within their employment duties. To ensure that all proprietary rights vest in the employer, it is essential to clearly define the scope of employment duties in contracts, include explicit IP assignment clauses and ensure all documentation complies with Russian law to prevent any disputes over ownership rights.

IP agreements

The IP owner has the right to dispose of proprietary (exclusive) rights to IP objects, except for certain special IP objects, such as appellations of origin, geographical indications, or company names. Almost all IP assignments, licenses, and pledges must be registered with Rospatent, otherwise the respective rights are deemed not transferred or not granted. While the contract may be valid between the parties, it is unenforceable against third parties.

Since 2022 certain restrictions on payments under IP license agreements payable to right holders from “unfriendly states” (as defined in section V (Counter-Sanctions) above) or holders undertaking “unfriendly actions” are imposed.

All such payments must be made to special “O-type” accounts opened by licensees in authorized Russian banks in the licensor’s name. Authorized banks may open “O-type” accounts without the rightsholder’s presence.

Since 2024 restrictions are extended to IP assignments between IP owners from “unfriendly states” or entities controlled by such jurisdictions and Russian assignees. Government Commission approval is required for such assignment, remuneration must be transferred to “O-type” accounts.

These restrictions do not apply to deals with value not exceeding RUB 15 million (approx. USD 191,600) (or their equivalent in another currency) and to acquisition of copyright to copyrighted works (i.e., scientific, literary and artistic works, sound recordings, and broadcasting). Foreign IP owners may withdraw remuneration from “O-type” accounts only with Government Commission permission.

10 Taxation

Taxation in Russia is governed by the Tax Code of the Russian Federation (“**Tax Code**”) and its associated regulations. The Russian tax system encompasses a variety of levies, including taxes, duties (such as excise taxes on fuels, alcohol and tobacco), and other obligatory payments, such as mandatory contributions for online advertising distribution.

Most significant taxes include corporate profits tax, individual income tax, value-added tax (“**VAT**”). There are property taxes for both corporates and individuals, as well as specialized taxes for enterprises operating in certain industries, such as mineral extraction tax and excise duties.

Tax rates and available benefits are determined at both the federal and regional levels, providing a limited degree of autonomy for local jurisdictions within Russia.

Corporate tax

Tax resident entities are subject to tax on their worldwide income with no exceptions.

The following legal entities are considered tax residents in Russia:

- Russian legal entities;
- foreign legal entities recognized as tax residents provided their place of management is in Russia.

By the distant sea, a green oak stands, With a golden chain, by magical hands. And there, through the day and through the night, The Learned Cat walks the chain in sight...(A. Pushkin, extract from the Poem Ruslan and Lyudmila).

Permanent establishments of foreign legal entities are taxed in the same way (same rate and procedure) as residents; the definitions of permanent establishment in the Tax Code and double tax treaties concluded by Russia are generally consistent with the approach of the Organization for Economic Co-operation and Development (“**OECD**”).

Taxable base is calculated as gross income minus deductible expenses. Generally, deductible expenses are all properly documented expenses aimed at generating revenue, although there are exceptions and limits in relation to certain kinds of expenses. Current corporate tax rate is 25%.

Transfer pricing

Russia operates a transfer pricing regime that is broadly aligned with the OECD’s approach.

There is no corporate tax grouping regime in Russia.

Interest deductibility

Russia has regulations limiting the deductibility of interest expenses. The Tax Code includes “safe harbor” interest rate ranges, which vary depending on the currency of the loan. If a loan’s interest rate falls within the applicable range, businesses are not required to submit transfer pricing documentation for that loan. However, if the interest rate exceeds the “safe” range, the excess amount will not be deductible unless adequately justified through comprehensive transfer pricing documentation, which will be subject to increased scrutiny by tax authorities.

Furthermore, Russia enforces thin capitalization rules. Any interest paid on loans from affiliated lenders, or loans secured by an affiliated entity, is reclassified as a dividend if the debt-to-equity ratio exceeds 3.5 (or 12.5 for leasing companies and certain other financial institutions).

Dividends

A 0% tax rate applies to dividends received by Russian resident entities provided that certain conditions are met. To qualify, the resident entity must hold at least 50% of the subsidiary continuously for 365 days (“participation exemption”), and the subsidiary must not be located in a jurisdiction that has been designated as “blacklisted” by the Russian Ministry of Finance.

When the participation exemption does not apply, dividends received by Russian companies from foreign companies are taxed at a rate of 13%.

Dividends paid by Russian entities to foreign companies are subject to a 15% withholding tax, unless the provisions of a relevant double tax treaty provide for a reduced rate.

Controlled foreign companies' regime

Russia has a controlled foreign companies' ("**CFC**") regime that is generally consistent with OECD approach. Foreign entities controlled by Russian residents are subject to annual reporting requirements.

Generally, control is established through equity ownership exceeding 25%, though in certain situations a 10% ownership stake can also constitute control. There are additional grounds beyond shareholding that may lead to a Russian person or entity being identified as a controlling person in relation to a particular CFC.

Undistributed profits of CFCs are included in the Russian resident's corporate tax base, unless a specific exemption applies.

VAT

Russia operates VAT system broadly aligned with European standards. Businesses are required to charge VAT on all taxable supplies of goods and services, with exemptions for specific categories. Generally, all supplies are subject to VAT unless specifically exempted. Most notable exemptions include financial services, education and healthcare.

Businesses can typically recover VAT paid on purchases (input VAT), provided that it is directly attributable to making taxable supplies. Tax-exempt businesses generally cannot recover input VAT.

Current base rate of VAT is 22%, with reduced rate of 10% which applies to certain socially significant goods, including specific foodstuffs, medicines, and products for children.

Exports enjoy a rate of 0%, allowing the taxpayer to recover input VAT whilst charging none.

Similarly to the corporate tax, there is no VAT grouping regime in Russia.

Other Transactional Taxes

The Russian tax system does not impose a stamp duty or similar tax on transactions involving securities or rights.

However, transactions involving real estate are subject to state fee.

This fee is calculated as up to 0.2% of the real estate's cadastral value (as recorded in the state register) or the purchase price of the real estate, whichever is higher. The maximum amount of this state fee is capped at RUB 1,000,000 (approx. USD 12,800). For real estate which cadastral value or the purchase price is less than RUB 22,000,000 (approx. USD 280,955) a fixed state fee of RUB 44,000 (approx. USD 600) applies.

Personal Income Tax

Residents pay Russian personal income tax on all their worldwide earnings with no exceptions. This means that income earned both within Russia and from sources outside of Russia is subject to Russian tax for individuals considered tax residents. A person is defined as a tax resident if they stay in Russia for 183 or more calendar days in a given year. Legal entities are obligated to withhold tax payable on earnings of employees (i.e., act as 'tax agents'), as well as on most other types of income paid to individuals. If personal tax has been incorrectly not withheld, the tax authorities have the right to claim the unpaid tax from the legal entity that was responsible for withholding it.

Residents pay tax at progressive rates ranging from 13% to 22%. These rates depend on both the amount of income earned and the type of income. Dividends are taxed at a maximum rate of 15%.

Non-residents pay up to 30% tax on income from Russian sources. This tax rate applies, for example, to the earnings of non-resident employees working in Russia. However, the tax on dividends paid to non-residents is capped at 15%.

Undistributed profits of a CFC are included in the tax base for personal income tax if a Russian tax resident is a controlling person of that CFC. Instead of calculating tax based on the actual profit amount, a resident can choose to apply for a lump-sum regime, which involves a fixed annual tax payment of RUB 5,000,000 (approx. USD 63,900) for each of its controlled CFC. This provides a simpler alternative for managing tax obligations of individuals related to CFCs.

Payroll Taxes

Employers pay social security contributions to the Social Fund of Russia and the Federal Compulsory Medical Insurance Fund. These contributions, borne entirely by the employer, can reach up to 30% of an employee's salary and are dependent on the employee's citizenship and annual earnings. Social security contributions count as a deductible expense for the purposes of corporate tax.

Bilateral Tax Treaties and Elimination of Double Taxation

Russia maintains a broad network of double tax treaties, largely modeled after the OECD or United Nations tax conventions. However, since 2023, some treaties have been suspended, notably those with the US, EU countries, Great Britain, Australia, Japan, Singapore, and other territories that have imposed sanctions on Russia. Despite these suspensions, over 40 treaties remain fully in force, including agreements with China, UAE, Hong Kong, Brazil, Mexico, South Africa, and other nations.

Russia-China Tax Treaty

In 2014, Russia and China have signed the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income ("**Russia-China Tax Treaty**") which is currently in force. Russia-China Tax treaty applies to the Chinese individual income tax and the enterprise income tax and to the Russian corporate profits tax and the personal income tax.

The Russia-China Tax Treaty establishes the following withholding tax rates on the distributed dividends:

- if the beneficial owner of the dividends holds more than 25% of the distributing company's equity, with a value of at least EUR 80,000, for at least 365 consecutive days, the withholding tax rate is capped at 5%;
- if the requirements above are not met, the withholding tax rate is capped at 10%.

Under Russia-China Tax Treaty the withholding tax rate on royalties is capped at 6%, and the right to tax interest is wholly attributed to the country of residence of the recipient.

Russia-UAE Tax Treaty

In 2025, Russia and UAE have signed the Agreement for the Elimination of Double Taxation with Respect to Taxes on Income and on Capital and Prevention of Tax Evasion and Avoidance ("**Russia-UAE Tax Treaty**") which is currently in force.

Russia-UAE Tax Treaty applies to the Emirati's income tax and corporate tax, and to the Russian corporate tax, personal income tax, tax on property of companies and tax on property of individuals. The Russia-UAE Tax Treaty establishes a unified cap of withholding tax rates for dividends, interest and royalties.

11 Incentives for investors

Russia offers several special economic zones designed to attract investment by providing a range of incentives to residents. These benefits can include tax and customs advantages, simplified procedures for hiring foreign workers, reduced administrative burdens, and access to specialized infrastructure.

Foreign investors are encouraged to carefully evaluate the regimes of each special zone to determine the best fit for their business needs. This list of incentives below is not exhaustive, as additional investment support measures may be available depending on the specific entity or region.

IT Companies and High-Tech Parks

High-tech parks are designated areas specifically designed and equipped to support production, high-tech, scientific, and technical projects. These zones foster the development of innovative projects, prototype testing, and new technological solutions, ultimately facilitating their commercial production.

The “Skolkovo Innovation Center” is a prominent example of such a zone, representing a major government initiative focused on advancing research and development, particularly in areas like information technology. Residents of Skolkovo, under specific conditions, may be eligible for exemptions from corporate tax, VAT, and property tax.

Special Economic Zones

Special Economic Zones (“**SEZ**”) are designed to attract investment into priority economic sectors. These zones offer businesses a range of competitive advantages for project implementation, including:

In antiquity, golden apples embodied immortality, beauty, and love. In Slavic mythology, the apple symbolizes fertility, immortality, and the fullness of life.»

- streamlined administrative processes;
- tax benefits:
  - reduced corporate tax rates (as low as 0%, depending on the SEZ type);
  - exemption from property tax for the first ten years of activities;
  - exemption from land tax for the first five years of activities;
  - potentially, reduced transport tax.
- reduced prices for land and offices rental and purchase.

Special Investment Contracts

A Special Investment Contract ("**SPIC**") is a Russian government industrial policy tool designed to attract investment in domestic manufacturing. Through a SPIC, an investor enters into a legally binding agreement with the government – either the federal government, a regional authority, or a local municipality – outlining specific commitments.

The investor commits to carrying out a defined investment project, and in return, the government pledges to provide a stable business environment and offer various forms of state aid.

However, eligibility for certain benefits under the SPIC regime is restricted. Legal entities with more than 25% of their shares owned by shareholders based in designated offshore jurisdictions or countries considered 'unfriendly' (the US, EU countries, Japan, Singapore, and more jurisdictions that have imposed sanctions on Russia) are subject to these restrictions.

There are two types of SPICs:

- SPIC 1.0 – these are medium-term contracts (up to 10 years) requiring a minimum investment of RUB 750 million (approx. USD 9.6 million);
- SPIC 2.0 – these are long-term contracts (up to 15-20 years) with no minimum investment requirement. However, investors must utilize advanced technology (selected from a government-approved list of over 600 items) and produce globally competitive products based on that technology.

The government offers SPIC projects the following forms of support:

- guaranteed stability in taxation conditions;
- tax benefits;
- streamlined subsidies from the government;
- streamlined access to public procurement.

SPIC 1.0 agreements are awarded based on the evaluation of the prospective investor's application without tender process, while SPIC 2.0 agreements are awarded only through a tender process, which can be initiated by prospective investors. However, the tender requirement may be waived in two circumstances: if only one bidder submits a proposal, or if the SPIC is approved based on a resolution issued by the President of Russia.

It's important to note that a company cannot simultaneously benefit from a SPIC and maintain residency within a Special Economic Zone ("**SEZ**") or Territory of Advanced Social Development ("**TAD**"), as well as some other government incentives initiatives.

Investment protection and promotion agreements (SZPK)

Similar to SPICs, the investment protection and promotion agreements ("**SZPK**") offer a stability clause to assure investors. However, unlike SPIC 2.0, the SZPK does not mandate high-tech projects and applies to a much broader range of economic activities – essentially all sectors except those specifically excluded – provided the investment is substantial.

The SZPK's stability clause guarantees consistency in key regulatory areas for the duration of the agreement (or particular regulations if their effect is limited in time), including tax legislation, customs regulations, land use, and urban planning.

The duration of the stability clause varies based on the investment amount:

- below RUB 10 billion (approx. USD 127.7 million): 6 to 10 years (longer durations for SZPKs in particular sectors);
- RUB 10-15 billion (approx. USD 127.7 million – 192 million): 15 years;
- RUB 15 billion (approx. USD 192 million) or more: 20 years.

Parties to an SZPK agreement can be both federal authorities and authorities of Russia's federal constituent entities (regions).

Minimum investment requirements differ depending on the level of government involved:

- at the regional level: RUB 200 million (approx. USD 2.6 million);
- at the federal level: RUB 4.5 billion (approx. USD 57.4 million for infrastructure projects and RUB 10 billion (approx. USD 127.7 million) for other sectors of the economy.

Finally, only Russian legal entities are eligible to apply for an SZPK. Therefore, to enjoy SZPK benefits, foreign investment must be channeled through participation in a Russian-registered company. Under SZPK, investors may be eligible for state subsidies, but they are unavailable for companies with more than 25% of equity held by foreign persons / entities.

Territories of Advanced Development

A Territory of Advanced Development ("**TAD**") is a specially designated economic zone within a region of the Russian Federation, established to attract investment and foster rapid economic growth. TADs offer a unique and simplified legal framework designed to facilitate business activities, particularly in manufacturing, technology, and innovation. Key preferences for residents include:

- significant tax incentives:
  - corporate tax rate reduction – as low as 0% rate for the first five years;
  - 0% VAT rate for certain goods placed under free customs zone regime provided the requirements are met;
  - lowered mineral extraction tax due to the application of lowering coefficient;
  - lowered social security contributions charged on staff salaries;
  - some TADs provide benefits in relation to property / land taxes;
  - there is a stability clause for taxation conditions;
- free customs zone regime may be applicable (no customs fees on goods used within the zone).

Benefits, permitted activities and available infrastructure vary across different TADs.

Regional Investment Projects

Investment incentives are available not only at the federal level but also within Russia's federal constituent entities (regions). Federal legislation also provides tax incentives for Regional Investment Projects (**"RIPs"**) carried out in designated regions, specifically to encourage the production of new goods or significantly increased output of existing ones.

To qualify for these RIPs tax benefits, investors must invest at least RUB 50 million (approx. USD 638,500) within 3 years or RUB 500 million (approx. USD 6.38 million) within 5 years (subject to specific rules defining eligible investment types).

Regional authorities have the power to increase these minimum investment requirements and impose additional conditions for accessing the tax benefits.

Depending on the specific project, taxpayers may be required to register with the RIPs Registry.

Tax benefits available to investors participating in RIPs include:

- reduced corporate tax rates (potentially down to 0% for the first five years);
- reduced mineral extraction tax.

12 Dispute resolution

State Courts

Civil and Commercial Courts

The Russian judicial system, in terms of private disputes, follows the principle of civil law dualism.

Civil (non-commercial) disputes between individuals, or between individuals and companies, fall within the jurisdiction of the so-called "courts of general jurisdiction". For completeness, these courts also hear other disputes arising from non-commercial activities, such as labor, family, inheritance, or criminal matters.

Commercial and other business-related disputes involving legal entities and individual entrepreneurs are heard by state arbitrazh (commercial) courts. The law also provides for certain categories of exclusive jurisdiction, such as corporate disputes and insolvency cases. Despite their name, these arbitrazh courts are not arbitration tribunals in the sense of alternative dispute resolution and should not be confused with commercial arbitration. In addition, there is a specialized arbitrazh court for intellectual property disputes: the Court for Intellectual Property Rights.

Four Instances: First Instance, Appeal, Cassation and Supervisory Review

The Russian judicial system generally provides for four levels of review in commercial cases. However, depending on the circumstances, a case may conclude at an earlier stage.

The little humpbacked horse is a central character of the eponymous fairy tale, written over 190 years ago by Pyotr Yershov, based on Siberian folk tales. This ironic and satirical fairy tale remains beloved and widely read in Russia, despite years of censorship and prohibition for its satire. The little humpbackedhorse is a magical helper, a loyal friend, a wise mentor, and the primary driving force behind all the incredible adventures of Ivan, the peasant's son.

In a commercial dispute, the first instance is the arbitrazh court of the relevant federal constituent entity (for example, the Moscow City Arbitrazh Court).

The second instance is the appeal, where cases can be reconsidered with respect to both legal and factual issues. The submission of new evidence, however, is limited to that which could not reasonably have been submitted at the first instance. Appeals in commercial disputes are considered by appellate arbitrazh courts. For example, the Ninth Appellate Arbitrazh Court considers appeals against decisions of the Moscow City Arbitrazh Court.

The cassation constitutes the third instance. In comparison to the appellate instance, cassation is limited to examining legal issues and does not reconsider factual matters. There are two levels of cassation.

The first cassation is conducted by arbitrazh cassation courts. For example, the Moscow Circuit Arbitrazh Court reviews appeals against the judicial acts of the appellate arbitrazh courts of Moscow City and the Moscow Region.

The second cassation, sometimes referred to as extraordinary cassation, is handled by the Russian Supreme Court. Not all cases are admitted at this stage: a judge of the Russian Supreme Court first determines whether the appeal raises significant legal questions or involves serious violations before referring it for review. If a judge of the Russian Supreme Court refused to refer a cassation appeal for review, it is still possible to petition the Chair or the Deputy Chair of the Russian Supreme Court, who may nevertheless decide to refer the cassation appeal for consideration by the Russian Supreme Court.

The supervisory review is conducted by the Presidium of the Russian Supreme Court when the Russian Supreme Court has issued a judicial act on the merits in cassation. This is an extraordinary and extremely rare procedure where the Presidium examines whether the decision violates constitutional or internationally recognized rights, infringes the rights or interests of the public or an indeterminate group of persons, or undermines the uniform application and interpretation of the law by the courts.

The Russian Supreme Court

The Russian Supreme Court is the highest judicial authority for both courts of general jurisdiction and state arbitrazh courts.

Although Russia does not formally recognize the doctrine of precedent and lower courts are not legally bound by higher courts decisions, rulings of the Russian Supreme Court effectively serve as precedents and may influence or even supplement the law.

In addition to deciding individual cases, the Russian Supreme Court issues resolutions of the Plenum (the general assembly of the judges of the Russian Supreme Court), which contain legal interpretations of law applied systematically by lower courts.

The Russian Supreme Court also regularly publishes case law reviews, which systematize and clarify the approaches taken by courts in the application of Russian law across different areas.

The Constitutional Court of the Russian Federation

The Constitutional Court of the Russian Federation is a specialized judicial body that, inter alia, reviews laws and regulations to ensure their compliance with the Constitution. Its authority also extends to resolving disputes between state bodies.

A private party may submit a petition to the Constitutional Court if they believe that the laws applied by the courts are inconsistent with the Constitution. This right remains available even if the Russian Supreme Court has already rejected the case. Furthermore, other courts may refer requests to the Constitutional Court when they require clarification on the constitutionality of a law.

Rulings of the Constitutional Court are binding on all courts. Laws or regulations found to be inconsistent with the Constitution cannot be applied. The interpretations of the Constitutional Court, as set out in its rulings, are also mandatory and cannot be disregarded by Russian courts.

International Jurisdiction

Jurisdiction

Under Russian procedural law, a state arbitrazh court has jurisdiction to hear commercial or other business-related disputes involving foreign parties in the following circumstances:

- the defendant is located or resides in Russia or the defendant's property is located in Russia;
- the defendant's managing body, branch or representative office is located in Russia;
- the dispute arises from a contract to be performed, or performed, in Russia;
- the dispute arises from damage caused by an act or event that occurred in Russia, or where the damage occurred in Russia;

- the dispute arises from unjust enrichment that took place in Russia;
- in defamation cases, the claimant is located in Russia;
- the dispute arises from securities issued in Russia;
- in proceedings to establish a fact of legal significance, the applicant asserts that the fact occurred in Russia;
- the dispute arises from relations concerning the state registration of domain names or other objects, and the provision of services on the Internet in Russia;
- in other cases, if the dispute is closely connected to Russia.

A Russian court will also accept the case if the parties, at least one of which is a foreign party, entered into a choice-of-court (jurisdiction) agreement, provided that the agreement does not violate the exclusive jurisdiction of a foreign court.

Russian law also provides for exclusive jurisdiction of Russian state arbitrazh courts in certain matters. These include the following disputes:

- disputes involving state property of the Russian Federation;
- disputes concerning real estate located in Russia;
- disputes regarding state registration of patents, trademarks, designs, or other IP rights if their registration in Russia is required;
- disputes over the validity of register entries in Russian state registers;
- disputes relating to the incorporation, liquidation or state registration of a legal entity in Russia or nullification of resolutions of its managing bodies.

Additionally, Russian state arbitrazh courts have exclusive jurisdiction over sanctions-related disputes, including cases which involve a party subject to foreign economic sanctions and/or arising from the application of such sanctions.

Recognition and Enforcement of Foreign Judgments

Under Russian law foreign judgments in commercial or other business-related disputes may be recognized and enforced in Russia if there is an international treaty or a federal law providing for such recognition and enforcement.

Russia is a party to a number of such international treaties, including bilateral treaties with China, India, Italy, Cyprus, Poland, etc., as well as multilateral treaties within the Commonwealth of Independent States (Republic of Azerbaijan, Republic of Armenia, Republic of Belarus, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tadzhikistan and Republic of Uzbekistan). In addition, Russian judicial practice developed the principle of reciprocity as a ground for recognition and enforcement in absence of a treaty.

Russian legislation provides for a limited set of grounds on which a state arbitrazh court may refuse to enforce a foreign judgment. Those are:

- the foreign judgment has not yet entered into force;
- the party against whom the enforcement is sought was not duly notified of the proceedings or, for other reasons, was unable to present its case;
- the dispute falls into the exclusive jurisdiction of Russian courts;
- there is an existing Russian judgment involving the same parties, subject matter and grounds;
- there are proceedings in Russia involving the same parties, subject matter and grounds that were initiated before the commencement of the foreign proceedings;
- the foreign judgment is time-barred from enforcement;
- enforcement of the foreign judgment would be contrary to the public policy of the Russian Federation.

Where an applicable international treaty provides for grounds of refusal that differ from those under Russian law, the provisions of the treaty prevail.

Arbitration in Russia

Russian arbitration laws distinguish between domestic and international arbitration primarily depending on whether seat of arbitration is in the territory of the Russian Federation or not.

In Russia, arbitration institutions are subject to licensing by the Ministry of Justice. Only licensed institutions – known as "permanent arbitration institutions" ("**PAIs**") – are permitted to administer arbitration on a regular basis, in contrast to ad hoc arbitration, which is arranged by parties without a permanent institution.

The most reputable arbitration institution in Russia is the International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Russian Federation (ICAC at the RF CCI), although its arbitration rules are comparatively old-fashioned.

Other leading domestic arbitration institutions include the Russian Arbitration Center at the Russian Institute of Modern Arbitration and the Arbitration Centre at the Russian Union of Industrialists and Entrepreneurs.

There are also several reputable foreign institutions having been licensed in Russia. These are the International Chamber of Commerce (ICC), the Vienna International Arbitration Centre (VIAC), Hong Kong International Arbitration Centre (HKIAC), the Singapore International Arbitration Centre (SIAC) and the Cairo Regional Centre for International Commercial Arbitration (CRCICA).

Under Russian law all commercial disputes are arbitrable unless expressly excluded by law. Non-arbitrable disputes include those concerning insolvency, class actions, public procurement, environmental damage claims, certain types of corporate disputes, etc.

Corporate disputes – i.e., disputes related to the establishment, management and participation in a legal entity – could be divided into three categories based on their arbitrability. Those are:

- Arbitrable corporate disputes which can be submitted to a PAI (e.g., disputes arising out of SPAs);
- Conditionally arbitrable disputes which may be referred to a PAI seated in Russia that has adopted special corporate arbitration rules deposited with the Ministry of Justice, provided that the relevant legal entity, its shareholders and other parties to the dispute have entered into an arbitration agreement (e.g., disputes related to the establishment of a legal entity or recovery of damages caused to a legal entity);
- Non-arbitrable corporate disputes which cannot be submitted to arbitration and include disputes over convening general meeting of shareholders of a legal entity, disputes arising from notarial certification of share transactions and involving strategic companies.

Finally, Russia is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958), which facilitates the enforcement of arbitral awards rendered abroad.

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