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Key Russian Law Developments

AUGUST 2026

- Buyback Rights of Foreign Investors from Unfriendly States over Previously Transferred Russian Assets Restricted
- Temporary Administration of Assets Held by Persons Failing to Ensure the Security of Critical Infrastructure Facilities Permitted
- New Regulatory Framework for the Digital Currency and Digital Rights Market Adopted
- Miscellaneous Updates

1

Buyback Rights of Foreign Investors from Unfriendly States over Previously Transferred Russian Assets Restricted

On 4 August 2026, the President of the Russian Federation signed a federal law supplementing the Law on Foreign Investments with a new provision on buyback rights.[1] The provision applies to shares in Russian business entities and other assets transferred after 22 February 2022 to Russian persons or to foreign companies affiliated with them. The rules apply to investors from unfriendly states as well as to foreign and Russian companies controlled by them.

A buyback right may be terminated by a court where both of the following conditions are met.

First, the foreign investor has taken at least one of the following actions since 22 February 2022:

- publicly supported unfriendly actions against the Russian Federation or called for such actions;
- taken actions discrediting the Armed Forces of the Russian Federation;
- financed terrorism, extremist activity, or the proliferation of mass destruction weapons;
- publicly announced the discontinuation of its operations in Russia and taken related actions.

Second, the buyback terms deviate from market terms: the price differs from the market value of the asset by 25 percent or more, and (or) the person that acquired the asset has made additional investments in it.

A claim for the termination of a buyback right may be brought by the acquirer of the asset or by the competent authority, subject to prior clearance from the Governmental Commission for Control over Foreign Investments. Such a claim may be brought even where the investor has not yet exercised its buyback right. Claims are heard by the Moscow Region Arbitration Court, including where a clause providing for proceedings abroad is unenforceable due to sanctions. The law entered into force on 4 August 2026.

1 Federal Law No. 319-FZ dated 4 August 2026 “On Amendments to Article 5 of the Federal Law “On International Companies and International Funds” and Certain Legislative Acts of the Russian Federation”

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2 Temporary Administration of Assets Held by Persons Failing to Ensure the Security of Critical Infrastructure Facilities Permitted

On 24 August 2026, the President signed a Decree permitting the introduction of temporary administration over the assets of business entities that have failed to ensure the security of critical infrastructure facilities (the "Decree").[2] The Decree applies to both foreign and Russian entities.

Grounds for the Introduction of Temporary Administration: The Government of the Russian Federation may introduce temporary administration where, in relation to a critical infrastructure facility, a business entity:

- fails to take timely measures to ensure their security;
- violates the security requirements applicable to them;
- creates a threat to their security or normal operation, including where measures aimed at countering the threat of attacks involving unmanned aerial vehicles are found to be ineffective; or
- fails to restore their operation in a timely manner.

The Decree does not define what constitutes a violation or a failure to act in time.

Temporary administration may cover the following assets of a business entity:

- movable and immovable property located in Russia, in whole or in part;
- shares and participation interests in Russian legal entities; and
- property rights.

The Decree does not limit these assets to those directly connected with the critical infrastructure facility.

2 Decree of the President of the Russian Federation No. 604 dated 24 August 2026 "On Measures to Ensure the Security of Critical Infrastructure Facilities of the Russian Federation"

The Decree introduces its own definition of critical infrastructure facilities, which covers fuel and energy sector facilities, industrial facilities, communications facilities, transport and utility infrastructure facilities, energy facilities, and life-support facilities, as well as any other facilities of particular importance for ensuring the security and economic stability of the Russian Federation. The list is non-exhaustive.

The Decree entered into force on 24 August 2026.

3 New Regulatory Framework for the Digital Currency and Digital Rights Market Adopted

On 4 August 2026, the President signed two laws establishing a comprehensive regulatory framework for the digital currency and digital rights market. The Law on Digital Currencies and Digital Rights (the "Law") sets out the general requirements and conditions for organizing the circulation of digital currencies in the Russian Federation and defines the participants in these relations and their status.[3] The second law introduces corresponding amendments to certain legislative acts.[4]

Key provisions include:

- **Market Participants:** The circulation of digital currencies may be organized only by a trading organizer, which facilitates transactions in digital currencies on organized trading; a broker, which executes transactions on a client's instructions; a trustee, which manages digital currencies in a client's interest; a digital depository, which maintains records of rights and provides access to crypto wallets; and a digital currency exchange organization, which systematically enters into purchase and sale transactions on its own behalf and for its own account outside organized trading;

- **Cross-Border Settlements:** The Law retains the general prohibition on the use of digital currency as a means of payment but expands the list of exceptions. Digital currency may be used to pay for goods, works, services, and intellectual property under foreign trade contracts between residents and non-residents;

3 Federal Law No. 282-FZ dated 4 August 2026 "On Digital Currencies and Digital Rights"

4 Federal Law No. 283-FZ dated 4 August 2026 "On Amendments to Certain Legislative Acts of the Russian Federation and Invalidation of Legislative Acts (Certain Provisions of Legislative Acts) of the Russian Federation"

- **Transactions Through Intermediaries:** From 1 July 2027, residents may enter into transactions with digital currencies only through persons organizing their circulation. Direct transactions between parties outside this infrastructure are, as a general rule, no longer permitted. Exceptions apply, inter alia, to settlements under foreign trade contracts and to transactions whose settlements involve neither Russian funds and accounts nor other property located in Russia;

- **Status of Foreign Tokens:** The Law introduces the concept of a foreign digital instrument, defined as rights placed otherwise than under Russian law in an information system organized otherwise than under Russian law. The requirements applicable to the circulation of digital currencies apply to the circulation of such instruments. The Bank of Russia may establish additional requirements.

The laws entered into force on 1 September 2026, except for certain provisions for which later dates are established.

4 Miscellaneous Updates

- On 4 August 2026, the President of the Russian Federation signed a law amending the Tax Code of the Russian Federation, on which we reported in May 2026.[5] The law establishes rules for calculating VAT when VAT rules change after the date of contract. If (a) a taxpayer becomes subject to a VAT liability under an existing contract, (b) another party cannot deduct that VAT, and (c) the parties have not changed the contract price or terminated the contract, then the VAT amount is calculated based on the agreed-upon contract price. Therefore, the seller is fully responsible for the new VAT liability.

5 Federal Law No. 293-FZ dated 4 August 2026 "On Amendments to Articles 166 and 168 of Part Two of the Tax Code of the Russian Federation"

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We will be happy to answer any questions you may have on this subject

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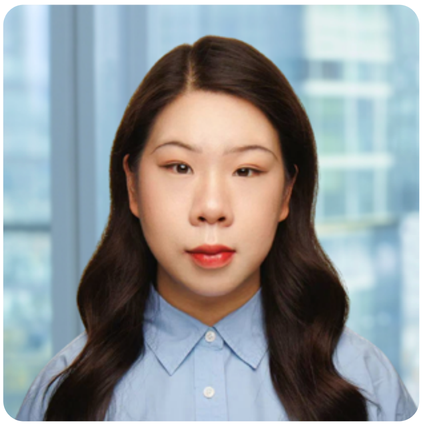

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