

Executive Order on the application of special economic measures in the financial, and fuel and energy sectors in connection with the unfriendly actions by certain foreign states and international organisations

The President has signed the Executive Order On the Application of Special Economic Measures in the Financial, and Fuel and Energy Sectors in Connection with the Unfriendly Actions by Some Foreign States and International Organisations.

August 5, 2022

The Executive Order was signed in connection with the actions regarded as unfriendly and breaching international law by the United States and the foreign states and international organisations siding with it that are imposing restrictive measures against Russian citizens and Russian legal entities, in order to protect the national interests of the Russian Federation and in accordance with Federal Laws No. 281-FZ “On Special Economic Measures and Coercive Measures” of December 30, 2006, No 390-FZ “On Security” of December 28, 2010, and No. 127-FZ “On Measures to Influence (Oppose) Unfriendly Acts by the United States of America and other foreign States” of June 4, 2018.

Under the Executive Order transactions (operations) resulting directly and (or) indirectly in the establishment, change, termination or encumbrance of rights to own, use and (or) dispose of securities owned by Russian legal entities, shares (contributions) constituting the charter (joint) capital of Russian legal entities, participation interests, rights and obligations belonging to parties to production sharing agreements, joint activity agreements or other agreements under which investment projects are implemented in Russia, are prohibited until December 31, 2022.

The ban applies provided that the securities, shares (contributions), rights and obligations belong to foreign persons associated with the foreign states that commit unfriendly acts in relation to the Russian Federation, Russian legal entities and individuals (including if such foreign persons have citizenship in these states, the place of their registration, the place of their primary business activity or the place of their primary source of profit that is derived from their activity in those states), and persons who are under the control of such foreign persons.

This prohibition shall apply to the following transactions (operations):

- a) transactions involving shares constituting charter capital in joint-stock companies included on the list of strategic enterprises and strategic joint-stock companies approved by Executive Order No. 1009 of the President of the Russian Federation of August 4, 2004;
- b) transactions involving shares, interest (contributions) which constitute the charter capital of business entities in which the above joint stock companies directly or indirectly hold shares or interest (contributions)

c) transactions involving shares, rights and obligations belonging to the parties to the Production Sharing Agreement for the Sakhalin-1 Project (Chayvo, Odoptu, and Arkutun-Dagi oil and gas condensate fields on the Sakhalin Island shelf) and the Agreement on Kharyaga Oil Field Development and Production on a Production Sharing Basis;

d) transactions involving shares, interest (contributions) in the charter capital of business entities that produce equipment for fuel and energy sector companies and provide maintenance and repair services for such equipment, business entities that produce and supply heat and (or) electricity, business entities that process oil and crude oil and produce refined products thereof. The list of the above-mentioned companies shall be approved by the President upon submission by the Government of the Russian Federation;

e) transactions involving shares, interest (contributions) making up the charter capital of Russian lending organisations, the list of which is to be approved by the President upon recommendation of the Government of the Russian Federation, coordinated with the Central Bank;

f) shares and interest (contributions) making up the charter capital of such business entities as users of subsurface allotments located in the territory of the Russian Federation and containing deposits of hydrocarbon raw materials (with recoverable reserves of at least 20 million tonnes of oil or at least 20 billion cubic metres of natural gas or at least 35 million tonnes of coal), uranium, high-purity quartz, rare-earth yttrium group metals, nickel, cobalt, tantalum, niobium, beryllium and copper;

involving subsurface allotments located on the territory of the Russian Federation that are primary deposits of diamonds, gold, lithium and platinum group metals;

involving subsurface allotments of inland sea waters, territorial seas, and the continental shelf of Russia.

The document lists legal relations which are not covered by the ban established under this Executive Order.

It stipulates, in particular, that transactions (operations) carried out in violation of this Executive Order shall be null and void.

It also stipulates that the transactions (operations) prohibited under this Executive Order may be carried out under special decision of the President of Russia.

The President of Russia may extend the validity of the established restrictions contained in this Executive Order as needed.

The relevant instructions have been given to the Government of the Russian Federation.