

The validity period has been reduced for a report assessing the market value of assets for 'hostile' non-residents

FAO legal entities and individuals, employees of corporate practice groups and legal departments of companies, as well as all persons participating in assessing the market value of assets

Pepeliaev Group advises that the Russian Finance Ministry has specified the period for an appraisal report on the market value of an asset to be compiled and the validity period of the report.

On 21 February 2025, the Finance Ministry detailed the requirements for an appraisal report, which is to be submitted to the Government Commission, regarding the market value of assets (shares or membership interests in the issued capital) of Russian companies that are connected with foreign entities performing unfriendly actions against the Russian Federation.

The updated form of an application for a permission to perform a transaction with shares/membership interests in the issued capital, which has been published on the website of the Ministry of Finance,¹ makes important changes. These may affect the process under which the Government Commission approves transactions with shares/membership interests in the issued capital.

Principal changes

1. A report is to be compiled no more than **3 months** before the date of the relevant session of the Sub-commission and should be kept up to date.
2. The period from the date when the assessment is carried out until the date on which the report is compiled should not exceed **6 months**.

Previous requirements for the validity period of a report

On 3 February 2025, new information was published on the website of the Finance Ministry on how permission for transactions is issued in pursuance of Decree No. 618. The validity period for a report on the assessment of the market value of assets was set out more specifically, while no other significant

¹ https://minfin.gov.ru/ru/permission/618?id_57=306811-forma_zayavleniya_o_vydache_razresheniya_na_osushchestvlenie_ispolnenie_sdelki_operatsii_ili_gruppy_sdelok_operatsii

amendments were provided for: an assessment report was valid if compiled not more than 6 months before the date of the hearing of the Sub-commission of the Government Commission, and the period from the date of the assessment until the date when the report is compiled was not to exceed 3 months².

However, the form was subsequently deleted from the website of the Finance Ministry, which created uncertainty in terms of the requirements for documents that confirmed the market value of assets.

New requirements for the validity period of a report

With the form of the application dated 21 February 2025 being adopted, the validity period of an assessment report is being halved. This period will also be applied to applications filed with the Finance Ministry prior before the new form of the application was published.

The problem for the applicant is that, although appraisal companies recommended by the Finance Ministry comply with the deadlines for preparing an assessment report, based on our experience of liaising with them, they require from 10 to 20 business days for preparing an expert opinion of the self-regulating organisation of appraisers. Therefore, once companies receive the report of an appraiser, they could lose about a month on waiting for the expert opinion that is a compulsory document along with the assessment report.

In our experience, the minimum period for preparing an expert opinion is 5 business days. Companies, therefore, often have to pay considerable fees to fast-track this opinion from a self regulating organisation of appraisers.

How long ministries take to examine documents

Once all the documents confirming the market value of the asset are received, the relevant federal executive body will spend at least one month examining the application of the company with members from unfriendly states. Then, the federal executive body will transfer the documents to the Finance Ministry, which is not limited by timeframes for examining them.

This creates a situation in which the new timeframe of the report will inevitably expire by the meeting of the Sub-commission of the Government Commission. We have had situations in our practice when the Finance Ministry has been required to update a report and expert opinion many times, but the applications were still not filed for examination by the Sub-commission of the Government Commission.

Requirements for the timeframes of the assessment

The reports on the assessment of the value of the share contain two key dates:

² See our alert: <https://www.pgplaw.ru/analytics-and-brochures/alerts/srok-deystviya-otcheta-ob-otsenke-aktivov-utochnennye-pravila-dlya-nedruzhestvennykh-nerezidentov/>

- the date of the assessment;
- the date when the report is drawn up.

The date of the assessment is understood to be the date of the accounting (financial) statements of the company as at the last reporting date. Previously, the Finance Ministry has not set any stringent frames for this period. However, on 3 February 2025 the Ministry set the relevant timeframe more specifically, of which we informed you in our previous alert.

According to the new rules, the period between the date when an appraisal is carried out until the date on which the report is compiled should not exceed 6 months. The purpose of this requirement is to provide up-to-date information on the financial and business activity of the legal entity, which is a priority at present in the light of the dynamically developing situation on the market.

What to think about and what to do

We recommend all participants in an assessment to take account of these amendments when they prepare reports and expert opinions to mitigate the risks of delays in the subsequent submission of documents to the Finance Ministry and other competent authorities.

The new requirements for the validity period of the report create considerable difficulties for companies that intend to apply to the Finance Ministry, because it is specifically the Finance Ministry, acting at its own discretion, that decides which applications will be discussed at the meeting of the Sub-commission and which will not.

Under the general rule, the above amendments in the approaches of the Finance Ministry do not extend to intra-group transactions. However, in some situations the Finance Ministry may demand a report on the assessment of the market value of a membership interest and an expert opinion of a self-regulating organisation of appraisers.

When a company interacts with appraising organisations, it should pay close attention to the period during which services are supplied. This is because there may be a need for all stages of the appraisal to be expedited, specifically, when the documents must be submitted that are required for an appraisal.

Help from your adviser

Pepeliaev Group's lawyers have significant experience of providing comprehensive legal support with regard to all issues of corporate and anti-sanctions regulation.

Our experts are keeping track on a daily basis of the new amendments in corporate and anti-sanctions legislation. They are ready to provide recommendations on how to choose the best solutions for business with respect to any issues of corporate law.

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