

Foreign investment has entered a new level of regulation

FAO foreign investors, executives of companies with foreign participation, strategic companies or subsoil users and producers of fish products, as well as employees in their legal departments

Pepeliaev Group reports advises that amendments have been adopted to Federal Law No. 57-FZ dated 29 April 2008 'On the Procedure for Foreign Investments in Business Entities of Strategic Importance for National Defence and State Security' (the "Strategic Investments Law"). The amendments were introduced by Federal Law No. 51-FZ dated 8 March 2026.

1. Expanding the scope of applying the law

Transactions and actions that are subject to approval now include:

- transactions for the acquisition of state or municipal property used for strategic types of activity;
- transactions for the acquisition of control over strategic non-profit organisations and their assets;
- a transfer of rights to use subsoil plots of federal significance and certain subsoil plots not classified as such, as well as transactions and other actions by a foreign investor leading to control being established over a new subsoil user.

2. Clarifying the concept of a strategic business entity

The amendments formalise established enforcement practice, under which there being a licence or other permission document for strategic activities resulted in a business entity being classified as strategic.

3. New (and existing) strategic types of activity

The use of subsoil plots not classified as being of federal significance but meeting the established thresholds for mineral reserves has been transferred from the Foreign Investments Law¹ to the Strategic Investments Law.

¹ Federal Law No. 160-FZ dated 9 July 1999 'On Foreign Investments in the Russian Federation'.

Previously, transactions by a foreign investor with respect to users of such subsoil plots could be submitted for approval to the Government Commission. Approval of a transaction is now mandatory.

The following have also been classified as strategic types of activity:

- using subsoil plots not classified as being of local significance and containing underground water;
- pasture aquaculture involving anadromous fish species (Pacific salmon);
- producing fish products (subject to criteria for revenue and assets).

Transitional provisions have been established for pasture aquaculture and fish production:

- where a foreign investor holds between 5% and 50%, the Russian Federal Antimonopoly Service must be notified of this in order to retain voting rights at the general meeting of shareholders;
- where a foreign investor holds more than 50%, approval from the regulatory authorities is required to retain control over a strategic business entity.

4. A requirement has been enshrined to disclose the ultimate beneficial owners of the seller

Previously, there was a formal requirement to provide information on beneficiaries, beneficial owners and controlling persons with respect to the purchaser in a transaction. This disclosure requirement now also applies to the seller.

5. New grounds for notification

Foreign investors who do not control a strategic company but hold 5% or more of its shares (membership interests) must notify the Russian Federal Antimonopoly Service if:

- a decision is taken to grant a company a licence or other permission document that results in the company being classified as a strategic business entity;
- the company has rights granted to it to extract (catch) aquatic biological resources.

What to think about, what to do

First, new obligations arise for foreign investors engaged in pasture aquaculture involving anadromous fish species (Pacific salmon) and in producing fish. Within the transitional periods, they will need to serve notice, obtain approval, or reduce their shareholding.

Second, business entities should ensure that their processes for obtaining licences and other permits in relation to strategic activities are adapted to the new legal requirements.

Third, users of subsoil plots that are not of federal significance should also take into account that they could, subject to certain conditions, be classified

as strategic business entities. This imposes restrictions on control by foreign investors.

Help from your adviser

The specialists at Pepeliaev Group have significant experience in the field of control over foreign investments in strategic business entities. We are ready to provide organisations with comprehensive legal support, to determine whether the new requirements apply to their activities, and to assist with how to adapt to the changes taking into account specific circumstances and objectives.

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