

The validity period of an asset appraisal report: updated rules for “unfriendly” non-residents

FAO legal entities and individuals, as well as employees of corporate practices and in-house legal departments

Pepeliaev Group advises that the Russian Ministry of Finance 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 3 February 2025, the Ministry of Finance detailed the requirements for an appraisal report, which is to be submitted to the Government Commission, on the market value of assets (shares or membership interests in the issued capital) of Russian companies that are connected with foreign persons that are performing unfriendly actions in relation to the Russian Federation.

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

The main changes

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

How did things previously work?

Our experience shows that the period from the date when an appraisal is carried out, which is indicated in the report, until the date on which the report is made did not previously exceed 3 months. Therefore, the above clarification should not be treated as a critical one. Now, however, attention should be paid to the deadline for an appraisal report to be prepared on the market value of an asset.

¹ https://minfin.gov.ru/ru/document?id_4=306811-forma_zayavleniya_o_vydache_razresheniya_na_osushchestvlenie_ispolnenie_sdelki_operatsii_ili_gruppy_sdelok_operatsii

Nor is the validity period of the report a new development. Previously, it was 6 months from the date on which the report was prepared. An applicant, however, did not have an obligation to update the report. Therefore, there was a risk that the Government Commission could refuse to grant permission for a transaction on the formal ground that the validity period of the appraisal report has expired. In that case, the whole set of documents should have been updated and sent to the Government Commission again, which considerably increased the deadline for applications to be considered.

Please note that the Ministry of Finance also mentions an expert opinion issued by a self-regulating organisation of appraisers as a mandatory document to be submitted to the Government Commission together with the report of the independent appraiser.² The relevant expert opinion will be drafted within approximately one month, which means that the validity period of the report will be proportionally decreased by approximately one month as at the date on which the expert opinion is received.

If previously the Ministry of Finance could calculate the time period starting from the date on which an expert's opinion was prepared rather than the date of the report, it has now been clearly stated that the time period starts from the date of the independent appraiser's report. This rule reduces the validity period of an appraisal report by approximately one month.

Will the deadlines now change for applications to be considered?

The risk of red tape in the Government Commission persists although documents can be updated within the context of a current application. The reason is that the Government Commission is not constrained by the timeframes for reviewing documents, which means that an application will not necessarily be considered within the 6-month validity period of the appraisal report.

This may require an appraisal report to be updated on numerous occasions throughout the period when documents are considered by the dedicated federal executive authority or at the stage when documents are reviewed by the Ministry of Finance. We also believe that, in such a case, the expert opinion will also have to be updated for each new appraisal report.

What to think about and what to do

The above changes in the approaches of the Ministry of Finance do not apply to intra-group transactions.

Companies that are not part of a group should take the above amendments into account during their operations. They should be prepared for the costs to

² Clause 5(1) of the Rules for the Government Commission for Monitoring Foreign Investments in the Russian Federation to issue permissions (as approved by the Russian Government's Resolution No. 295 dated 6 March 2022) and Extract No. 171/5 from the decision of the Sub-commission of the Government Commission for Monitoring Foreign Investments in the Russian Federation dated 7 July 2023 (as notified by the Ministry of Finance under document No. 05-06-10/VN-32671 dated 11 July 2023).

increase for having an appraisal report on the market value of assets and an expert's opinion of a self-regulating organisation of appraisers prepared.

While 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 regulation.

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

Contact details



Anatoly Mashkov

Head of Corporate Law
Group

Tel.: +7 (495) 767 00 07

a.mashkov@pgplaw.ru