

Russia: New package of emergency legislation measures



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During the COVID-19 crisis, Russian regulators implemented a package of emergency legislation including measures referring to the insolvency law. The law was published on 1 April 2020, and on 3 April the Government exercised its right to introduce a 6-month moratorium on initiating bankruptcy proceedings for certain categories of debtors.

Here is the list of affected debtors covered by the moratorium:

- Organisations and individual entrepreneurs whose primary activity code is specified in the list of individual areas of activity.
- Systemically important companies, with the approval of the Government Commission.
- Strategic enterprises, strategic organisations and strategic joint-stock companies, with approval by a Presidential Decree.

However, the affected debtor may waive the special regime. For this purpose, the debtor shall submit a notice to the Unified Federal Register of Information on Bankruptcy.

The moratorium is introduced in the following way:

- Suspension of the duty to file for bankruptcy for debtors affected by the COVID-19 crisis.
- Interdiction for the creditors to initiate a bankruptcy petition, charge penalties and fines for breach of contracts of such debtors.
- Interdiction for the creditors to enforce their collateral interests for a default on payments by debtors affected by the COVID-19 crisis.
- Interdiction for the debtors to pay dividends to shareholders, to increase their income by shares and to distribute profits to the shareholder.
- No permission for offset of counterclaims if the priority

of creditors' claims is breached.

- Suspension of ongoing enforcement proceedings on property and monetary claims which appeared prior to the introduction of the moratorium.
- Possibility to hold creditors' meetings in absentia, regardless of the attribution to the affected debtor.

Moratorium aftermath

If the affected debtor becomes bankrupt within three months after the expiration of the moratorium:

- an amicable out-of-court agreement is allowed with separate creditors; and
- the terms for challenging fraudulent transactions are extended in order to cover the moratorium period. ■



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