



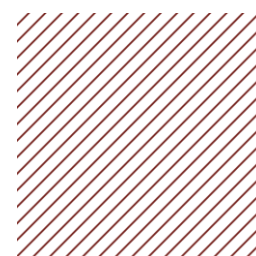
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Review of amendments to the Laws on JSCs and LLCs. Newsletter.

## Changes in corporate legislation

September <sup>!</sup>24



On August 8, 2024 Federal Law of August 08, 2024 N 287-FZ “On Amendments to the Federal Law “On Joint-Stock Companies” and Certain Legislative Acts of the Russian Federation” was enacted. It introduces perhaps the most substantial changes in the past several years in the corporate legislation. AGP’s team has gained insight into the principal novelties in this law.

— **Certification of the fact of election of the general director in limited liability companies**

Starting from September 1, 2004 the fact of taking of a decision on the election (appointment) of the single-member executive body (CEO) in a LLC is subject to mandatory certification by a Notary<sup>1</sup>.

The Notary who has certified the fact of taking of a decision on the appointment of the new director shall file with the Russian Federal Tax Service an application for amendment of information on the relevant legal entity, contained in the Unified State Register of Legal Entities (EGRUL), not later than on the business day following the date on which minutes of the meeting and results of voting thereat or minutes on absentee ballot results were produced to the Notary.

The amended version of the Law on state registration specifies that when an application for introduction in the EGRUL of amendments concerning a new CEO is filed, only a Notary who has certified the fact of taking of such a decision can act as an applicant.

The RF Civil Code provides for a possibility of determining in LLC’s charter or in a unanimous resolution of the general meeting of its participants of an alternative method of certification of decisions of the supreme managing body (subsection 3 of section 3 of Art. 67.1), for instance, by signing of the minutes by all or a part of participants or by using technical means that allow for reliably ascertaining the fact of taking of the decision.

Formerly only decisions of general meetings on the increase in the charter capital fell under the exemption from this rule. Facts of taking of such decisions shall be certified by a Notary in all cases. The possibility of using of alternative methods of certification of a decision on election (appointment) of a single-member executive body is not provided for in the enacted law either.

Therefore, in all cases of election of a CEO, it is subject to mandatory certification by a Notary. This will require taking a more responsible approach to planning of relevant corporate procedures.

As mentioned above, an application for recordal of amendments in the EGRUL in connection with a change of the CEO is to be filed with the registering authority by a Notary. A similar rule is now established with respect to giving the registering authority a

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<sup>1</sup> There are exemptions from this rule applicable to certain types of organizations.

notice of setting up of a liquidation commission (appointing a liquidator): starting from September 1, 2024 the Notary who has certified the signature affixed to the notice by the person giving such a notice shall file with the FTS of Russia a document in electronic format.

### **“Lost” shareholders**

The problem of “lost” shareholders (i.e. shareholders about whom no information is available and who have not been exercising their corporate rights for a long time) often leads to considerable expenses for companies which have to comply with formal requirements of law on giving such shareholders legally significant notices and organize payment of dividends by postal remittance. According to various sources, about 6 million Russian citizens fall within the category of “lost” shareholders.

The new law provides for the possibility to suspend payment of dividends to “lost” shareholders in case at least during two years money paid to a shareholder as dividends returned to the company, provided that dividends were paid to the shareholder at least twice and the registrar did not receive any updated shareholder’s details for payment of dividends.

In a similar way the possibility of suspension of sending notices of general meeting (other information required to be communicated by law) to shareholders, if during at least two years notices of general meetings sent by mail returned to the company, provided that such notices were sent at least twice and the latest of them contained a warning to the effect that giving of notices to the shareholder may be suspended in case of the shareholder’s failure to communicate to the registrar his current details for sending notices, and such information were not received by the registrar 5 business days prior to the date of taking of a decision on suspension of giving notices.

A decision on suspension of payment of dividends or giving of notices is taken by the board of directors or another body of a private company, within the competence of which, pursuant to the company’s charter, falls taking decisions on convening of the general meeting of shareholders, simultaneously with taking of a decision on holding of the general meeting of shareholders.

A company is obligated to keep record of shareholders to whom payment of dividends is suspended and shareholders to whom sending of information is suspended, and must resume the above operations with respect to a shareholder in case of entry in the register of shareholders of updated information about the shareholder, required for payment of dividends and sending him information.

The above provisions of the new law took effect as of August 8, 2024.

## Methods of taking decisions by meetings

The laws on JSCs<sup>2</sup> and on LLCs<sup>3</sup> provide more specific regulation of methods of taking decisions by meetings. In particular, meetings may take decisions in the following “formats”:

- (1) In sessions, i.e. by joint presence of participants, including by holding of sessions with distant participation;
- (2) Without holding of a session, i.e. by absentee balloting;
- (3) By combination of voting in a session and absentee balloting.

Furthermore, according to the new rules, voting in a session of the general meeting of shareholders must be combined without fail with absentee balloting in the following cases:

- (1) Holding of a session of the general meeting of shareholders of a public joint-stock company;
- (2) Holding of a session of the general meeting of shareholders of a private company with 50 or more holders of voting shares, and other private company the charter of which provides for combining of voting in a session of the general meeting with absentee balloting.

### *Procedure for holding of remote meetings*

The law has defined more precisely the procedure for holding sessions of general meetings with remote participation, namely it is provided that:

- (1) In case of holding of a session of the general meeting with remote participation, transmission of image and sound in real time mode is to be ensured;
- (2) A company is to keep recordings of the broadcast of the shareholders general meeting session with remote participation together with the minutes of the general meeting of shareholders during their retention period;
- (3) Access to information and materials for familiarization, required to be made available during preparation for a general meeting with remote participation, is to be granted to meeting participants by posting in the Internet;
- (4) Starting from September 1, 2027, identification of participants of a remote meeting must be carried out using an enhanced electronic digital signature while it is allowed to provide in a charter for another method of identification of participants (using a non-certified electronic signature or the Portal of Government Services “Gosuslugi”).

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<sup>2</sup> Federal Law of December 26, 1995 N 208-FZ “On Joint-Stock Companies”.

<sup>3</sup> Federal Law of February 08, 1998 N 14-FZ “On Limited Liability Companies”.

The most of the amendments considered above are going into force as of March 1, 2025.

*Notarial certification of remote meetings*

Starting from September 1, 2024, under the new law, a Notary may certify decisions of meetings attended by all or several participants through remote communication. A Notary identifies participants by verifying their enhanced qualified electronic signature having a trusted timestamping, and powers of a representative and his/her right to attend the session by verifying of electronic format documents signed by enhanced qualified electronic signature. Such documents in electronic format are provided to a Notary through the Unified Information System of Notaries.

*Resolutions of the board of directors*

Laws on LLCs and JSCs are amended by adding to them of provisions regulating the procedure for making decisions by the board of directors. Decisions of the board of directors like resolutions of the general meeting may be taken in sessions and by absentee balloting, as well as by the combination of these two options. Similarly, remote participation of all or some of members of the board of directors in its sessions is allowed.

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We keep monitoring the developments in the corporate law and will inform you about all key changes that may have an effect on current and future activities of corporate bodies.

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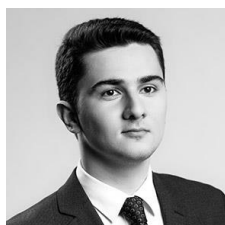
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