

The Russian Federation's Introduced Compensation Protocol in Response to the Unfriendly Acts of the US

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The government of the Russian Federation is taking specific actions to establish a special procedure for compensation of damage caused by the US. Thus, this new procedure enables "Russian Rights Holders" (i.e., holders of damaged rights of the Russian Federation and/ or the Russian Central Bank) to address Russian courts with a statement claiming having been unfairly deprived of their property rights due to the decision of a state or a judicial body of the US, and to request compensatory damages.

If the petition submitted is accepted and there are reasonable grounds to assume that there are insufficient motives to deprive the Russian Right Holder of its property rights in connection with the decision of a state or a judicial body of the US, the court shall send a request to the Governmental Commission for the Control of Enforcement of Foreign Investments in the Russian Federation (Commission). The purpose of this request is for the Commission to submit a list of US assets owned by US and/or foreign persons associated with the US (including if such foreign persons are US citizens or residents, US based companies, non-US companies with predominant economic activity or primary profit from activities in US) and persons who are under the control of such persons, regardless of their place of registration, that can be used for compensation purposes. In order to respond to this request, the Commission will organise the identification of assets that can be used for compensation purposes, taking into account the principle of proportionality. These assets include:

- Movable and immovable property of the US or US persons located in the territory of the Russian Federation
- Securities belonging to the US or US persons, shares in the authorised capital of Russian legal entities
- Property rights belonging to the US or US persons

Based on the results of the examination of the claim, the court will make a decision on whether to grant or reject it. If the claim is upheld, it provides for the extinguishment of the property rights of the US or the US persons, and the subsequent transfer of these rights to the Russian Right Holders as damages.

The Government of the Russian Federation has not yet established the procedure for review of the application and listing of US assets, nor has it designated the federal executive body empowered to

appeal such a decision. While the regulation entered into force on the day of its publication on 23 May, the Russian government has four months to ensure that changes are made to the legislation.

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