

**RECEIPT-TO-SHARE CONVERSION
OF THE DEPOSITARY RECEIPTS:
NEW MECHANISM TO BE IMPLEMENTED BY RUSSIA**

Memo

01 July 2022

Major Russian companies (Gazprom, Lukoil, Novatek etc.) terminated their agreements with the foreign depositories. Depositary receipts (**DRs**) can be converted into ordinary shares, but the procedure remains extremely complicated due to various international restrictive measures. To facilitate the conversion, the Russian legislators proposed new mechanisms.

These mechanisms will be used by the Russian depositories **without participation of the foreign depositories** which keep the DRs.

As of 01 July 2022, it is just a bill; amendments are still possible, but we expect it to be adopted in July.

Conversion of the DRs kept on the accounts of the foreign depositories

The DR holder (within **90 days** from the date when the law enters into force) will have the right to file an application with the Russian depository that keeps the shares secured by the DRs. In the application, the DR holder would ask to convert his DRs into shares. For example, in case of PJSC Gazprom, the DR holder shall file the application with the Russian depository Gazprombank.

The DR holder will have to provide the depository with the documents confirming that the DR holder is the real owner of those DRs. The list of such documents is not available yet.

If the Russian depository satisfies the application, it will open a “type “S” (in Russian “C”) account” for the DR holder and credit the shares within 10 working days after the date of expiration of the 90 days’ term mentioned above. The operations with the “type “S” account” **are very limited** and the shares currently cannot be sold and transferred.

Mosgo & Partners provide full support and assistance to the DR holders within the procedure of the conversion.

Please do not hesitate to contact us should you have any questions.

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