



17 Skakovaya St., bldg. 2
Moscow, Russia, 125040
Tel.: +7 (495) 995-52-61
www.abuas.ru/en

Business centre "Tempo"
104 Nevsky avenue, lit. A
St Petersburg, Russia, 191025
Tel.: +7 (812) 385-26-65

FAQ about the Corporate Secretary in Russia

BACKGROUND

Each Russian legal entity (the "**Company**") is required to comply with standard corporate procedures, determined by the Company's bylaws and Group Policies, however with consideration of the local legislation features. Disregarding determined procedures and rules might cause substantial risk to Company shareholders, the CEO of the Company and the Company itself: in particular, financial damage and the corresponding liability set by Russian law.

Currently, Russian law does not oblige Companies to have a corporate secretary among its staff. As per existing practice, the function of the corporate secretary

cannot be covered by the company's CEO in full, regardless of whether he/she bears the official responsibility. As a consequence, such gaps may result in missing of the corporate deadlines, incomplete, or misfiled, corporate documentation. Also, it may be a trigger for corporate disputes and threaten the Company's financial standing and shareholders' interests.

The purpose of this FAQ is to cover the main questions that may arise in understanding why it is important to ensure that function of corporate secretary is set up, and works, effectively.

WHY IS IT NECESSARY TO KEEP THE STATE REGISTER OF THE LEGAL ENTITIES UPDATED?

The state register of legal entities is still considered as a primary source of information about the legal entity for any third party (vendors, contractors, state bodies and courts). The state register contains the general data about the legal entity, including, but not limited to: Company Shareholders, CEO, legal address, Company name, etc.

Outdated, or inaccurate, information in the state register may lead to significant risks and consequences to the Company and to its CEO.

Below, you may find examples of such major negative implications:

- bank operations' suspension and account blocking;
- **involuntary liquidation** at the Tax Office's initiative;
- miscarriage of legally-relevant correspondence;
- business partners' lack of confidence;
- administrative fines levied on the Company's CEO up to **RUB 5,000 (appr. EUR 65)** for each case.

WHAT ARE THE COMPANY BYLAWS AND WHY THEY ARE REQUIRED?

The Company bylaws represent the main constitutive document of a legal entity in Russia. Provisions of bylaws determine the corporate structure of the entity, allot rights and obligations to the Company management bodies and determine the order of decision-making process.

The Company bylaws may contain certain restrictions for the CEO, that should mandatorily be observed in the course of day-to-day activity, for instance: opening and closing bank accounts, entering into certain types of contracts on behalf of the Company and bonus payments. These limitations are aimed at protecting the Company shareholders' interests.

Disregard of requirements set by Company's bylaws, and local legislation, may lead to significant legal and financial consequences to the Company, its shareholders and CEO personally including, but not limited to:

- disputes between Shareholders;
- disputes over the legal force of decisions taken by Company CEO and other management bodies of the Company;
- bank refusal to make transactions on behalf of the Company;
- inability to arrange notarial acts;
- Company financial liability and personal financial liability of the CEO;
- administrative fines up to **RUB 700,000 (app. EUR 9,210)**, payable by the Company and up to **RUB 30,000 (appr. EUR 395)**, payable by the CEO;
- Company **involuntary liquidation** (when the Company operates with repeated, gross violations of the Russian corporate law).

The main goals of the Company Corporate Secretary are to prevent the occurrence of the above-listed consequences and ensure that Company operates strictly in accordance with its bylaws and that the bylaws' content complies with the requirements of the Russian corporate law.



CONSIDERING WHETHER TO OUTSOURCE THE CORPORATE SECRETARY FUNCTION?

Below, you will find the list of the major advantages of having the corporate secretarial function outsourced:

- no need to keep a full-time lawyer;
- no need to keep track of corporate events of the Russian entity;
- decrease the administrative workload of the CEO, and lawyers at HQ;
- corporate events will be handled by professional lawyers with local and international experience.

HOW CAN WE HELP YOU?

ABU has a broad experience of acting as Company Secretaries for multinational companies and only provides professional, English-speaking, qualified lawyers that can carry out this function. Below are the main tasks that can be handled by ABU, acting as your Company Corporate Secretary:

- arranging for an inventory and due diligence of all corporate documentation of the Company;
- creating a calendar of corporate events and sending appropriate notifications (meetings of shareholders and BoD, CEO mandate, etc.);
- keeping track of, and updating, the unified state register of legal entities and Company bylaws;
- keeping the list of Company shareholders updated;
- holding the meetings of the Company's shareholders and BoD, maintaining a register of decisions taken;
- updating Company officials of changes in Russian laws and regulations that are relevant to the Company's corporate governance;
- acting as an authorized representatives of Company shareholders' in Russia;
- being in charge of preparation of any kind of Power of Attorney, arranging for notarization, an apostille/ legalization;
- acting as Company's single point of contact with notary public, translation agencies;
- providing legal translation of the required documents.

FOR FURTHER INFORMATION, PLEASE CONTACT



Svetlana Vesnina
Managing Partner

+7 (495) 995 52 61 ext.555
SVesnina@abuas.ru



Igor Sorokin
Head of Legal Compliance

+7 (495) 995 52 61 ext.544
ISorokin@abuas.ru