**Legal opinion on the Russian Federal law No 55 as of 14.03.2022**

The law says that all Russian insurers are not allowed to enter into any contract with insurers, reinsurers and brokers only, being entities resident in “unfriendly” countries included in the relevant list or controlled by the above entities. As long as such contracts are impossible relevant fund transfers are non-existent and as such are not mentioned in the law. As to the contracts concluded before the enforcement date they are announced invalid by means of prohibiting money transfers on such contracts in any currency.

The law came into force on 14.03.2022 and valid till 31.12.2022

The law also says that these restrictions can be lifted by virtue of the permission which can be granted by the Central Bank of Russia. Such a permission to selected segments of insurers and selected insurance businesses was issued on March 18 2022 valid from this date until the restrictions validity, i.e. till 31.12.2022.

The permission in its paragraph 1 says it covers all Card Bureau Members with respect to all their operations within Green card system, including reinsurance as well as all the contracts concluded before and relevant payments in any currency. The law explicitly mentions but not limits it to insurance and reinsurance premiums as well as compensation payments. There is no specific list of the insurers what means that if any Russian insurer becomes a member of the Russian Green card Bureau it is automatically covered by the permission. On the other hand all other contracts of the same Russian insurers out of the scope of the Green card operations are not allowed unless are covered by other provisions of the permission.

As far as RAMI is not an insurance undertaking the law restrictions are not valid for RAMI and it is allowed to enter in any contract with any foreign entity including resident in “unfriendly” country and make any payment in any currency. For this reason RAMI is not mentioned in the permission. In practice RAMI have made at least one compensation payment to an EU country after the law came in force and the payment reached its destination in two days.

As to reinsurance program for Russian Green card risks the current contract is concluded on behalf of the Member Insurers which all are listed there and the subject of the risks reinsured is also fixed what makes the Central bank permission applicable to this contract.

The Permission does not provide for any specific provisions for its implementation thus leaving all current payments procedures untouched. The law does not contain any additional disclosure requirements as regard to the Russian or foreign entities, on contrary it allows Russian financial institutions in certain cases not to disclose to the Central Bank certain information and not make it public in derogation of a standard procedure.

**Legal opinion on the President Decree as of 05.03.2022**

According to the President Deсree as of 5th of March 2022 the special procedure applies to residents of Russia for discharge of obligations to foreign persons with respect to loans and credits, as well as to financial instruments.

In terms of the text of the Decree a resident of Russia is considered to be a debtor if a resident has liabilities toward foreign entities on loans, credits or financial instruments.

Financial instruments are generally accepted to be a contract resulting in a possession of an asset by an entity against respective liability of the seller of the asset. Assets category includes securities (equities) such as shares, bonds and bills etc., stakes in investment assets, as well as legal rights.

In terms of the Decree, the creditor is a foreign entity that provides loans and credits to the debtor or buys financial instruments from the debtor.

Liabilities within international Green Card system are out of the scope of the Decree provisions as far as the Members of the Russian Bureau do not fall in the definition of the “debtor” in terms of the decree, nor the foreign participants of the Green Card system fall in the definition of the “creditor”. The Green Card system participants within their core business activities do not provide to one another any loans and credits or financial instruments.

 Therefore both RAMI and Members of the Russian Bureau are not forbidden under the Decree to effect payments in any currency and permission of The Central Bank of the Russian Federation and The Russian Ministry of Finance (set out in paragraph 10 of the Decree) is not required in this case. It is also proved by the fact that RUS Bureau’s Members have made several reimbursement demand payments in Euro since the Decree came into force. Relevant evidences to be soon provided.