



Russian Secured Transactions Reform

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Benchmarks and stakeholders

- **Existing legal framework: Civil Code and security laws (with the pledge law dating back from 1992)**
- **Secured law reform is in its active phase for the last 5 years**
 - 2009 and 2012: changes to security laws and bankruptcy law
 - 2013 - 2014: pledge register law, upcoming changes to the Civil Code
- **Various parties involved: state bodies (especially MED), working groups and associations**
- **EBRD is actively involved**
 - In 2009 was approached by MED for technical assistance with the reform
 - Develops and comments on working drafts, shares best international practices

Key directions of the reform

- **Emphasis is on pledges (rather than other security instruments)**
- **Aims to address lack of certainty, lack of flexibility or gaps**
- **Key directions of the pledge reform**
 - Liberalize statutory contents of pledge agreement
 - Cater for syndicated lending
 - Ensure creditors' certainty as to their priority over pledged assets
 - Strengthen provisions governing pledges of specific objects
 - Further improve the enforcement procedures

Brief overview of 2009 and 2012 changes

- **2009 Changes to security laws and bankruptcy law**
 - Intended to make out-of-court procedures more viable
 - Ability to arrange private sales and retain pledged asset by pledgeholder
 - Priority of secured creditors in bankruptcy
- **2012 Changes to security laws**
 - Out-of-court enforcement requires involvement of a notary
 - Mixed option: out-of-court realization based on a court ruling

Brief overview of 2013 and 2014 changes

- **2013 Pledge register law**
 - Amendments to the law on notariate, rather than a separate law
 - Unified register of notices of pledges (not a title register), for various types of movable assets, operated by notaries, publicly available, to start in 2014
- **2014 Upcoming changes to the Civil Code**
 - More liberal rules for description of secured debt
 - Pledge manager, security for multiple obligations
 - More liberal rules for pledge of future rights
 - Pledge of rights to bank accounts

Areas of the reform and prospects

- **The above changes are important for various types of lending**
 - Syndicated, project finance, SME, securitization
- **Changes in other areas are in place/ planned:**
 - Russia's accession to Cape Town Convention (aircraft finance)
 - Crop and warehouse receipts (financing in agricultural sector)
- **Reform is in process, still a lot to be improved**
- **Gradually moving towards a more friendly legal framework for secured transactions in Russia**

Presenter



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