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Investment Partnership Agreement under Russian Law

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An investment partnership is a legal form of association of investors with the purpose of consolidating financial resources for medium-term and long-term investments in investment assets and sharing risks associated with investment activities.

An investment partnership (hereinafter referred to as the “IP”) is not a legal entity, it is an association of two or more investors on the contractual basis (investment partnership agreement, hereinafter also referred to as the “IPA”), which is regulated by a special law - the Federal Law No. 335-ФЗ dated 28.11.2011 "On the Investment Partnership" (hereinafter referred to as the "Law").

An investment partnership is a flexible form of investment organization; this method of pooling capital allows investors to agree on how decisions will be made in regard to each specific investment; what amount of money will be invested both in the investment itself and in managing such investment; in which cases investors will be entitled to leave the partnership; what are the obligations and responsibilities of the managing partner, etc. Such flexibility sets an investment partnership apart from such forms of organizing joint investment activities as creation of a business company or mutual fund. Regarding the last two entities, issues of management, making contributions, responsibility of the “manager” are regulated by the law, and not by an agreement of the parties.

Moreover, it should be noted that the contractual nature of an investment partnership gives this form of investment activities a very important advantage - absence of double taxation. Tax collection occurs only at the level of investors and does not occur at the level of investment partnership itself. At the same time, “project companies” (limited liability companies or joint-stock companies created for the purpose of implementing an investment project) are considered independent taxpayers regarding income tax. Part of the profit remaining after taxation may be distributed among participants (shareholders) of the project company, and participants (shareholders) will have to pay income tax on the amount received as a result of such distribution. As a result, there exist two levels of taxation on profits earned from investing activities.

An investment partnership can be described in a few words as follows:
An investment partnership agreement (which is subject to notarial certification) is concluded between two or more persons. The parties to this agreement have a different status, which entails their different rights and obligations. Limited partners undertake only to make contributions to the common property of partners for the purpose of making investments in all types of assets agreed upon by all parties, and have the right to receive only part of the profit from such investments (as a rule, in proportion to their share in the common property of partners). They are not entitled to participate in managing the business of an investment partnership. Only the managing partner is entitled and obliged to search for assets suitable for investment (that correspond to the investment declaration approved by all partners), organize investment and management activities (there may be several managing partners, and then there should be a clear delineation of their areas of responsibility indicated in the IPA, but, as a rule, an investment partnership, however, has one managing partner). In addition, the managing partner shall be responsible for administrative and financial management of the IP (accounting, legal and other support for investment activities). The managing partner, like the contributing partners, contributes to the common property of the IP (and has the dual status of a contributing partner and a managing partner at the same time, accordingly), but generally his contribution is insignificant (1-2% of the total volume of IP contributions). Apart from the right to receive a part of the profit from investment activities, which is proportional to his share in the common property of the partners, the managing partner is entitled to remuneration for managing the partners' joint affairs (the size and frequency of such payment shall be determined by the terms of the IPA) and sometimes, to success fee - in cases when the IP ROI exceeded the expected (target) level of return established by the agreement. Regarding general contractual obligations related to the investment activities of the partnership, each investing partner bear the proportional liability within the value of his share in the common property of the partners and shall not be liable to the full extent of his assets. If the cost of the partners' common property is insufficient to satisfy the creditors' claims on the general contractual obligations related to implementation of joint investment activities of the partners, the managing partner bears subsidiary liability

with all his assets. If there exist several managing partners, they will jointly and severally bear subsidiary liability for common contractual obligations related to joint investment activities carried out by the partners in case of insufficient value of the partners' common property to satisfy the creditors' claims.

1. Parties to an Investment Partnership Agreement

In accordance with cl. 3 of Article 3 of the Law, the parties to an investment partnership agreement may be commercial organizations, and, *in cases established by the federal law*, non-profit organizations to the extent that implementation of investment activities serves to achieve their objectives and is consistent with it. Individuals may not be parties to an investment partnership agreement.

With regard to the subject composition of an investment partnership, two restrictions established by the Law should be considered:

(1) Non-profit organizations may be parties to an investment partnership agreement only *in cases established by the federal law*, and only to the extent that implementation of investment activities serves to achieve their objectives and is consistent with it. The cases established by the federal law are most likely to be (a) an indication of cl. 3.2 of Article 7.1 of the Law "On Non-Profit Organizations" stating that investment of temporarily idle funds of a *state corporation* shall be carried out on the principles of repayment, profitability and liquidity of assets (objects of investment) acquired by it, and (b) a similar provision regarding the investment of temporarily idle funds of a *state company* included in cl. 9 of Article 7.2 of the Law "On Non-Profit Organizations". At the same time, the right of investment shall be granted to a state corporation and a state company on the condition of their compliance with certain requirements and investment procedure established by the Government of the Russian Federation and the supreme governing body of such state corporation or state company, respectively.

(2) Individuals may not be parties to an investment partnership agreement. In the previous version of the Law, valid until August 1, 2014 inclusively, this provision was stated as follows: "Individuals may be parties to an investment partnership agreement if they are registered as individual entrepreneurs in the prescribed manner and carrying out entrepreneurial activity without forming a legal entity."

Let us have a more detailed approach on each of the issues that are essential for organization of an investment partnership and conclusion of an investment partnership agreement.

Removal of a provision allowing participation of individual entrepreneurs in the IP from the Law, clearly indicates that participation of individual entrepreneurs in newly created investment partnerships is deliberately prohibited at the moment. As for the investment partnership agreements concluded before August 2, 2014, the amendments of 2014 to the Law "On the Investment Partnership" (Federal Law No. 220-ФЗ dated July 21, 2014) stipulated that an individual, being a party to an investment partnership agreement as of August 2, 2014 (the effective date of the new edition of the Law), maintains his participation in this agreement until its termination by any of the provisions of the said Law or other federal laws or the agreement. Therefore, there may exist investment partnership agreements in which individual entrepreneurs still participate (and, accordingly, amendments can be implemented to it), at the present moment. This stipulates the use of the term “names of partners” in the Law, applicable only to individuals, as well as the existence of current regulation of personal income tax in connection with participation in an investment partnership. However, conclusion of a new investment partnership agreement with participation of an individual, regardless of whether this individual has the status of an individual entrepreneur or not, is not possible.

The law does not establish any special requirements or restrictions related to legal form or scope of activities of commercial organizations that may be parties to the IPA. However, if a person with special legal capacity (e.g., a bank, an insurance organization, etc.) intends to become a party to the IPA, it will be necessary to consider requirements of the special legislation governing activities of such person, and its constituent documents, with a view to whether its provisions allow the participation of the relevant organization in investment activities, and if so, under which terms and conditions.

In accordance with cl. 4 of Article 3 of the Law, *foreign*

legal entities, as well as *foreign organizations that are not legal entities* under foreign law, participate as a party to an investment partnership agreement, taking into account the specific provisions of legal status of such entities established by international treaties of the Russian Federation and the legislation of the Russian Federation. This provision does not give an absolute answer to the question whether foreign legal entities that do not have any representative office in the territory of the Russian Federation may be parties to an investment partnership agreement. It refers to the legislation of the Russian Federation, which regulates the legal status of foreign organizations. Based on this principle, it could be concluded that in order to participate in an investment partnership, a foreign organization should have an accredited business unit in the Russian Federation. However, at the same time, other articles of the Law (for example, Article 9) stipulate that there exists an indirect indication that a foreign organization *without a permanent representative office in Russia* may be a contributing partner to the IP. Based on the summary of different provisions of the Law, we came to the conclusion that foreign legal entities, as well as foreign organizations that are not legal entities under the foreign law, may still be parties to investment partnership agreement as contributing partners, even without an accredited business unit or representative office in Russia. As a managing partner, a foreign organization may participate in an investment partnership only if it has a permanent establishment on the territory of the Russian Federation.

2. Material Terms and Conditions of an Investment Partnership Agreement

The law provides the following conditions, which should be included in an investment partnership agreement, and are its material conditions, accordingly:

- requirements for the permitted investment objects, composition and structure of the common property of the partners and (or) amount of transaction execution concluded by the managing partner (i.e. the "investment policy (declaration) of the partnership") (Article 2 of the Law);
- amount and procedure for payment of remuneration to the managing partner (Article 5 of the Law);
- total amount of the common property of the partners as of the date of conclusion of an agreement (Article 11 of the Law);
- size, terms and procedure for making contributions of the partners (Article 11 of the Law);
- composition of contributions of the partners in the common cause of the partners (Article 11 of the Law);
- size and ratio of shares of each partner and procedure for changing shares in the common property of the partners and ratio of shares (Article 11 of the Law);
- liability of the partners for violation of obligation to make contributions (Article 11 of the Law);
- term of the agreement or its purpose as a substitute condition (Article 13 of the Law).

2.1. Investment Objects

In accordance with the provisions of Article 7 of the Law, the managing partner has the right to place funds included in the common property of the partners to deposits and bank deposits, to provide loans at the expense of these funds, and to acquire and dispose of securities of Russian issuers, securities of foreign issuers, and other financial instruments, stocks (shares, units) in the authorized (joint-stock) capital of Russian organizations and foreign organizations, investment units of mutual funds, shares in the right of ownership of the common property of the partners, including real estate.

Moreover, cl. 2 of Article 2 of the Law establishes a restriction on the securities of foreign issuers - it can be an investment object of an investment partnership *only if such securities may be allowed for placement and (or) public circulation in the Russian Federation in accordance with the legislation on securities of the Russian Federation*. We cannot explain the reasons for this limitation. In our opinion, cl. 2 of Article 2 of the Law contradicts the provisions of cl. 5 of Article 7, which does not stipulate investment in shares of foreign organizations as such securities meet the requirements for placement or public circulation in the Russian Federation, but implies, inter alia, investment in shares (shares in the authorized capital, units) of private foreign companies.

This contradiction between cl. 2 of Article 2 and cl. 5 of Article 7 of the Law shall be resolved by either a formal clarification or amendment of the Law. At the moment, the question of whether an investment partnership may invest in shares of foreign companies that do not meet

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the requirements of the Russian legislation on securities for placement and (or) public circulation in the Russian Federation, remains unresolved. Most participants of investment activities are inclined to believe that such restrictions specified in cl. 2 of Article 2 of the Law apply to securities traded in organized securities markets, and cl. 5 of Article 7 of the Law allows investment of common property of partners in shares of private foreign companies that are not traded in organized markets, without any restrictions.

The most common type of property acquired by investment partnerships are stocks and shares in the authorized capital of legal entities (portfolio companies). A partnership's investment policy may establish requirements for minimum and/or maximum size of acquired shares in the authorized capital of portfolio companies, restrictions on the areas of activity of portfolio companies, expected (or minimum) level of return on investments in portfolio companies and other criteria that the managing partner should take into account when choosing investment objects. Partnership investment policy may also establish that investment in portfolio companies may be provided in form of debt financing for a certain period.

2.2. Amount and Procedure for Payment of Remuneration to the Managing Partner

In accordance with Article 5 of the Law, the managing partner is entitled to receive remuneration for conducting the common affairs of the partners in the amount and in the manner established by an investment partnership agreement. The remuneration may be fixed, depend on size of profits of the partners or be determined in another way in accordance with an investment partnership agreement. An investment partnership agreement may also provide for a change in the amount of the fixed remuneration of the managing partner during the term of an investment partnership agreement in the manner and on the terms agreed upon by the partners (e.g., depending on the amount of funds constituting the "fund" under the management of the managing partner, or the number of portfolio companies, etc.).

In general, if an investment partnership is created for the purpose of venture investments, an investment partnership agreement provides for two types of remuneration for the managing partner: (a) management fee, which is either a fixed amount or a percentage of the total amount of the partners' common property, and is paid either quarterly, or yearly, or in other periods specified by the agreement, and (b) "success fee", which is paid in cases where the IP ROI has exceeded the expected (target) level of return established by the agreement. In this case, the source of payment of success fee is generally the profit received from the "exit" or profit according to results of the calendar year or profit according to results of the entire activity of an investment partnership, and the source of payment of management fee are contributions of the partners to the common property of the partners.

2.3. Total Amount of the Common Property of the Partners at the Date of Conclusion of the Agreement

Article 11 of the Law establishes that an indication of the *aggregate amount of the common property of the partners at the date of conclusion of the agreement* is a material condition of the agreement. Using the term "*aggregate size of the common property of the partners at the date of conclusion of the agreement," the* legislator, apparently, had in mind the *"aggregate target size of the common property of the partners"* or, as it is called in some IPAs, practically concluded, *"the aggregate amount of investment obligations of the partners",* i.e., the maximum total amount of all contributions that the partners of the IP undertake to make *during the entire term of the agreement.* At the time of conclusion of the agreement, the common property of the partners has not yet been formed, but the parties have already agreed on the target size of the "fund", which they intend to form for investment purposes, and it is precisely this size that should be indicated in the agreement in accordance with cl. 1 of Article 11 of the Law as a material condition of the agreement.

At the same time, the requirement to amend the agreement *at least once a year,* regarding the total size of the common property of the partners, established by cl. 3 of Article 11 of the Law, seems to us as excessive. Such changes should be made to the agreement to the extent and only if the parties agreed to change the target size of the fund (e.g., if a new partner joins the investment partnership and undertakes to make a contribution to the common property of the partners that was not taken into account during conclusion of the agreement). If the target size of the fund experiences no changes, then there is no reason to amend the agreement.

2.4. Size, Terms and Procedure for Making Contributions of the Partners

Article 11 of the Law provides that an indication of the *amount of* partners' *contributions* to the common property of an investment partnership is an essential, that is, obligatory to indicate, condition of the agreement. As

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well as in the case of the *aggregate size of the common property of partners at the date of conclusion of the agreement,* the term *"size of deposits"*, referred to in cl. 1 of Article 11 of the Law, seems to us unsuccessful. In fact, it means the *maximum total amount of deposits that each of the partners undertakes to make during the entire term of the agreement*.

Since in practice, as a rule, *contributions* to the common property of partners are performed several times during the period of the partnership, as necessary, when it is required for a new investment or to cover other expenses of the partnership, so as not to confuse such contributions made by partners to the common property of the partners, as necessary, with the *maximum size of the contributions of the partners*, which must be indicated in the agreement, the parties often use the term "*amount of investment obligations" of* the partners in the investment partnership agreement instead of the term *"size of contributions"* of the partners (in the sense in which it is used in cl. 1 of Article 11 of the Law). *Contributions* are made on the basis of requests (notifications) of the managing partner for contributions (capital calls) within the *investment commitments* of each partner.

The managing partner of the IP sends notifications to contributing partners on the need to contribute to the common property of the IP within the maximum amount that the contributing partner pledged to make at the time of conclusion of the IPA, as interesting investment projects arise, and after their financial and economic and legal analysis.

The managing partner is also entitled to send, at the terms and manner stipulated by the IPA, the contributing partners notifications of contributions for purposes related to management of the IP (payment of management fee to the managing partner, covering the auditor costs, payment of bank and other fees, etc.). It is recommended to establish the list of expenses that shall be covered by the common property of the partners, in the IPA.

Notifications on the need to make contributions to the common property of the partners are usually sent to the contributing partners: for the purpose of carrying out an investment transaction - only after the managing partner conducted financial, economic and legal analysis of the investment object (potential portfolio company) and the investment committee (if available in the IP) approved implementation of such investment, and for the purpose of covering the partnership's expenses - after receiving and comparing several offers from different suppliers (e.g., the mentioned services for conducting financial and economic analysis of a potential portfolio company) and after signing of preliminary transaction documentation with potential portfolio company (letter of intent, term sheet, etc.).

In our opinion, when indicating the size of the *investment obligation* of each partner in the IPA, it is not required to amend the IPA at each *contribution* of the partners, as required by cl. 3 of Article 11 of the Law (provided that the IPA provides for the procedure and the grounds for the request of the managing partner to make contributions (capital calls), term of contributions following such request, ratio of the shares of the partners in the common property of the partnership, and, accordingly, ratio of the size of contributions of the partners). Since the term *"size of the investment obligation"* in this case is equivalent to the term *"size of the contribution"* in the sense it is used in cl. 1 of Article 11 of the Law, it is the change in the *size of the investment obligation* that will require changes to the IPA in accordance with cl. 3 of Article 11 of the Law rather than making each new contribution by each partner.

2.5. Composition of Contributions of the Partners in the Common Property of the Partners

Unless otherwise provided by the investment partnership agreement, the contribution of the *partner who is not the managing partner* to the common property of the investment partnership may be only made in monetary funds (cl. 4 of Article 6 of the Law).

Contribution of the *managing partner* (and also, if the investment partnership agreement allows the contributing partners to make contributions other than monetary funds) may be made in "monetary funds, other property, property rights and other rights having monetary value, professional and other knowledge, skills, and business reputation". Introduction of excisable goods as a contribution to the common property of the partners is not permitted by the Law (cl. 2 of Article 6).

It should be noted that the Law permits introduction of exclusive rights to the results of intellectual activity as a contribution to the common property of the partners (e.g., see an indication of this note in cl. 3.2 of Article 6 of the Law). However, this contradicts with Article 1229 of the Civil Code of the Russian Federation, which establishes that the exclusive right to the result of intellectual activity or to means of individualization may be *jointly owned* by several persons, but not in the common property (and contributions to the common property of the partners are made precisely to shared ownership of the partners). In our opinion, until the amendments to the Civil Code of the Russian Federation have been introduced, contribution of

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the exclusive rights to the results of intellectual activity or means of individualization (including rights to trademarks, rights to use the design and content of the website, etc.) to the common property of the partners, as well as inclusion in the common property of the partners of professional and other knowledge, skills and abilities and business reputation, is impossible - such objects of rights may not be to object of common shared ownership.

Monetary assessment of the contribution made by the partner to the common property of the partners by means other than cash, shall be made in the manner established by the investment partnership agreement. If such procedure is not established by the agreement, then the monetary assessment should be carried out by an independent appraiser in the manner established by the legislation governing valuation activities in the Russian Federation (cl. 3 of Article 6 of the Law). In the absence of legal acts of the Russian Federation establishing the procedure for valuation and (or) approving methodology for valuation of the property contributed to the common property of the partners, such assessment may be carried out in accordance with methodological recommendations of foreign organizations, international organizations in the field of valuation activities or audit activities.

Parties to the IPA may provide for any procedure for valuation of the property contributed to the common property of the partners, they are not required to provide for involvement of an independent appraiser for such assessment, and subject to a balance of interests of the parties to the agreement, this is an undoubted advantage of organizing investment activities through investment partnership, in comparison, for example, with a business company.

2.6. Size and Ratio of the Shares of the Partners in the Common Property of the Partners

Size of the shares of each partner in the common property of the partners shall be determined in proportion to the value of their *contributions*. This rule is established imperatively by cl. 1 of Article 7 of the Law, that is, it may not be amended by the agreement.

At the time of conclusion of the investment partnership agreement, ratio of the shares of partners in the common property of the partners shall be defined as the ratio of their investment obligations, that is, as the target ratio of the shares of the partners in the common property of the partners - such as it should be under the condition that all partners will completely fulfil their obligations to make contributions within the framework of an assumed investment obligation. Since at the time of conclusion of the agreement no contributions had yet been made to the common property of the partners, it is impossible to indicate the actual ratio of the shares of the partners in the common property of the partners.

If one of the partners does not contribute to the common property of the partners, size of his share in the common property of the partners shall be reduced (since the ratio of his contributions to the amount of contributions made by other partners is reduced). Accordingly, ratio of the shares of the partners in the common property of the partners also changes. Such changes in the ratio of shares of the partners shall require amendments to the investment partnership agreement - in accordance with cl. 3 of Article 11 of the Law.

Ratio of the shares of the partners in the common property of the partners may also change as a result of the entry of a new partner into the partnership or as a result of the increase by one or more partners of size of their investment obligations. In all these cases, amendment of the investment partnership agreement shall be required (in case of entering into the partnership of a new partner, it is possible to conclude an accession agreement, and then a new ratio of the partners' shares in the common property of the partners shall be fixed in it).

Despite the fact that size of the shares of the partners is imperatively determined in proportion to their contributions, the Law allows the parties to the IPA to establish the provision that the *distribution of profit* between the partners shall be performed disproportionately to their shares (paragraph 2 of cl. 2 of Article 4 of the Law).

2.7. Responsibility of the Partners for Violation of the Obligation to Make Contributions

Cl. 5 of Article 6 of the Law establishes that, unless otherwise provided by the investment partnership agreement:

1) if the partner does not fulfil the obligation *to make the initial contribution or to make the first part of the contribution to the common property, if the investment partnership agreement provides for its sequential contribution*, such partner shall be obliged to pay interest accrued on the amount of the debt based on the current refinancing rate, as well as a penalty in the amount of ten percent per annum of the unpaid part of the contribution for each day of delay;

2) if the partner does not fulfill the obligation *to subsequently make part of the contribution to the*

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common property, if the investment partnership agreement provides for its sequential contribution, part of the share of such partner in the common property corresponding to the previously made part of the contribution shall be subject to sale to other participants of the investment partnership agreement on the conditions determined by the investment partnership agreement.

In addition, the partner who has not made the contribution or part of the contribution to the common property within the established time period shall be obliged to compensate for losses incurred in connection with the abovementioned, in part exceeding the amount of interest per annum specified in paragraph (1) above (cl. 6 of Article 6 of the Law). Also, the contributing partner shall be liable under the general contractual obligations of the partners with all his property to the extent that part of the contribution to the common property is not paid by him during the term established by an investment partnership agreement (cl. 7 of Article 6 of the Law).

The legislator has provided different consequences in regard to the case when an obligation to make an *initial contribution* to the common property of the partners is not fulfilled, and to the case when an obligation to make the *subsequent contribution* is not fulfilled, since the sale of the share of the violating partner in the common property of the partners is possible only if such share already exists with the partner, and the partner's share in the common property of the partners arises only after he makes at least any contribution to the common property of the partners (see definition of the share of the partner in the common property of the partners in cl. 2.6 above). If the partner does not make an *initial contribution* to the common property of the partners, at the time of violation of the obligation he does not yet have any share in the common property of the partners, respectively.

As the consequences of the partner not making an *initial contribution* to the partners' common property (if nothing else is established by the investment partnership agreement itself), the legislator proposes the following: (a) interest payments on the amount of the debt, and (b) obligation to compensate losses caused by the violation of such obligation.

This is what happens practically:

One of the partners of an investment partnership does not fulfill his obligation to make an initial contribution to the common property of the partners. Suppose that the initial contributions of the partners were intended to cover expenses of the partnership related to economic and legal analysis of a potential investment object - the first potential investment object of this investment partnership. Each partner had to make a contribution covering such expenses in part corresponding to his share in the total investment obligations. Failure to make a contribution by at least one partner means that the partnership is not able to cover the full amount of costs of conducting economic and legal analysis of a potential investment object, and, accordingly, cannot decide on the advisability of such investment. The activities of an investment partnership, in fact, are further impossible to perform, paralyzed.

Voluntary payment by the partner who violated such obligation to make an initial contribution to the common property of the partners, interest on the amount of the debt and, especially, his voluntary compensation for losses is very unlikely. If the partner who has only recently signed an investment partnership agreement has not made his first contribution to the common property of the partners, this can only mean that he has had a substantial and rather unexpected change in circumstances, and he no longer has the ability or intention to fulfill his obligations under the investment partnership agreement. Accordingly, an investment partnership (represented by the managing partner) has the following options: either to demand the violating partner to fulfil his obligation to make the initial contribution, payment of interest in the amount of the debt and to cover losses caused by violation of the obligation in a court case, or to "reconcile" with the default and to look for some alternative ways to cover contribution of the partner who has violated his obligation so that the partnership activity was not paralyzed.

Bringing the matter before the court involves additional costs. There is some likelihood that if the claim is successful, such costs will be reimbursed at the expense of the defendant. But, firstly, even if this happens, it will be performed in the order of reimbursement of expenses (i.e., the costs must first be borne by the partnership, which means that the managing partner needs to receive additional contributions from all partners for this purpose). Secondly, even a positive decision by the court does not guarantee that this decision will be enforced - it is most likely that in such situation the violating partner has financial difficulties and he will not be able to execute the court decision ordering mentioned payments. With this in mind, most investment partnerships will prefer not

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to appeal to the court for enforcement of the partner's obligation to make an initial contribution, to recover interest and damages, since the costs associated with such appeal will most likely exceed the result.

Eventually: in practice, it often turns out to be impractical to apply the consequences of the partner's failure to fulfill an obligation to make an initial contribution, which are provided for by the Law.

Since the provisions of cl. 5 of Article 6 of the Law are dispositive, the parties to an investment partnership agreement are entitled to establish other consequences of violation by the partner of such obligation to make a contribution than those specified in the Law.

In particular, the parties may:

1) Leaving the partnership (represented by the managing partner) the right to collect interest on the amount of debt and losses caused by the failure to fulfil the obligation to make a contribution from the violating partner, establish the obligation (or right) of other partners in the agreement to cover the amount of contribution not paid by the violator in proportion to their shares in the common property of the partners - so that failure to make a contribution by one partner does not entail suspension of the entire partnership.

2) Provide that a violation by the partner of an obligation to make an initial (or any) contribution shall constitute a significant violation of the agreement, which entails the exclusion of the violating partner from the partnership (i.e., termination of the investment partnership agreement in relation to the violating partner). This option is very common in investment partnership agreements. However, the procedure for exclusion of the violating partner from an investment partnership provided for by investment partnership agreements does not always correspond to the current version of the Law. In most cases, investment partnership agreements provide that the violating partner is excluded from the partnership by decision of the remaining partners. Meanwhile, the Law (Article 17) establishes that the partners have the right to demand termination of the agreement in relation to individual partners only in the manner and on the grounds established by cl. 2 of Article 450 of the Civil Code of the Russian Federation. Cl. 2 of Article 450 of the Civil Code of the Russian Federation provides that an agreement may be amended or terminated at the request of one of the parties *in a judicial proceeding* and only in case of significant violation of the agreement by the other party or in other cases expressly established by the law or agreement. Violation by the partner of an obligation to make a contribution is indicated as a *basis* for termination of the agreement with respect to the violator in almost all investment partnership agreements. However, many investment partnership agreements miss the fact that such termination is possible only *in a judicial proceeding* (or, moreover, they indicate that such termination shall be carried out by a decision of the partners out of court, which is contrary to the Law).

3) Provide that failure to make an initial contribution to the common property of the partners by at least one of the partners entails termination of the agreement as a whole (the obligation of all partners to sign an agreement on its termination). At first thought such measure may seem excessive, but it has the following justification (significant, in particular, for partnerships with a small number of the partners): an investment partnership is built on trust between all partners and on intention of all partners to jointly conduct investment activities on a long-term basis, and if at least one of the partners does not make the first contribution to the common property of the partners, it means that he has ceased to share this common goal of joint and long-term activities, therefore trust within the partnership is undermined, the activity of such partnership (which united the partners in such composition, including the violating partner) becomes inappropriate and impossible.

As a consequence of non-fulfillment of the partner's obligation *to make a subsequent contribution to the common property of the partners*, the Law establishes (for cases unless otherwise provided by an investment partnership agreement - cl. (2) of cl. 5 of Article 6 of the Law) that the share of such partner in the common property corresponding to the amount of previous contributions made by such partner shall be subject to sale to other parties to an investment partnership agreement on the terms determined by an investment partnership agreement.

Investment partnership agreements usually establish such consequence as the general (or sometimes the only) consequence for the partner failing to make a subsequent

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contribution to the common property of the partners. At the same time, it is necessary to resolve issues arising in the agreement on the manner of determination of redemption price of the share of the violating partner by the other partners, as well as the consequences if none of the partners express their intention to acquire such share.

Since the Law does not regulate the redemption price of the violator's share in the common property of the partners, the parties are absolutely free to establish the procedure for determining it.

As a rule, an investment partnership agreement establishes that the price shall be determined by an independent appraiser selected by the managing partner either at his own discretion or by agreement with the other partners (who are not violators). In this case, the price will depend on valuation technique chosen by the appraiser, and, accordingly, may vary. Alternatively, the price of the share of the offending partner may be determined as the total amount of contributions made by such partner to the common property of the partners, or as a corresponding share in the total market value of the investment assets of the partnership before the partner failed to fulfil his obligation to make a contribution. The investment partnership agreement may also establish that the buyback of the violator's share occurs at a certain discount from its market price.

The investment partnership agreement may establish that in the event of violation by any partner of his obligation to make a subsequent contribution to the common property of the partners, the remaining partners *are obliged to* redeem the share of such violating partner in the common property of the partners at a price determined in accordance with the agreement in proportion to their shares in the common property of the partners. Inclusion of such a provision in the agreement completely removes the issue of actual suspension of the investment activities of the partner in case of non-contribution by at least one of the partners. At the same time, such provision may be considered violating the principle of freedom of an agreement (since it obliges the partners to sign an agreement aimed at redeeming the share of the violating partner, even if the partner does not have the will to conclude the agreement at the time when such redemption should be made).

It seems more correct to provide in the investment partnership agreement the *right* of the partners to redeem the share of the violating partner in the common property of the partners at a price determined in accordance with the agreement. However, if none of the partners has exercised this right, further investment activity of the partnership becomes impossible, since it is paralyzed even if one of the partners does not contribute to the common property of the partners according to his share.

It is advisable to provide in the investment partnership agreement several alternative consequences of violation by one of the partners of his obligation to make a subsequent contribution to the common property of the partners, e.g.:

(1) The right to redeem the share of the violating partner in the common property of the partners by other partners, and if none of the partners has exercised this right - the opportunity to sell the share of the violating partner at the same price to a third party approved by all partners;

(2) The right of the partnership (represented by the managing partner) to recover interest on the amount of debt and losses caused by the failure to fulfill the obligation to make a contribution from the violating partner;

(3) The obligation (or right) of the other partners to cover the amount of the contribution not paid by the violator in proportion to their shares in the common property of the partners - so that the failure to make such contribution by one partner does not entail suspension of the whole partnership;

(4) The exclusion of the violating partner from the partnership (i.e. termination of the investment partnership agreement in relation to the violating partner) with payment to him of the cost of his share in the common property of the partners (less the debt of such violating partner to the partnership, including interest payments, loss coverage, caused by a breach of the agreement, as well as reimbursement of costs for assessing the value of the share of the violator, etc.). It should be understood that payment to the violating partner of the value of his share will occur either through additional contributions of other partners, or by selling the partnership's assets in an amount corresponding to the value of the share of the violating partner, which may not be economically profitable in any particular moment. Accordingly, such consequence of the partner not contributing to the common property of the partners should not

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be the only possible one; other partners should have a choice of several possible actions, the ability to evaluate the "cost" of each option and choose the most advantageous and appropriate option for the current situation.

Termination of the investment partnership agreement as a whole in the event that one of the partners does not make a *subsequent contribution* to the common property of the partners in most cases will be inappropriate, since the partnership already owns assets at the stage of making subsequent contributions by the partners, investment activity is carried out and its early termination is most likely does not correspond to the will of the partners who did not violate the agreement, and in addition, it will not be economically advantageous. The partners who did not violate their obligations under the agreement may be ready to cover sums of the contributions of the violating partner in the future and to "erode" his share in the common property of the partners, but not to terminate the investment activity. Nevertheless, such basis for its termination as the adoption of an appropriate decision unanimously by all partners who are not violators of the agreement may be provided in the investment partnership agreement if one of the partners does not make a subsequent contribution to the common property of the partners.

It must be borne in mind that repurchase of the violator's share in the common property of the partners should be made out as a agreement for transfer of rights and obligations under the investment partnership agreement - from the violating partner to the partners buying out his share. By virtue of the requirements of the Law (cl. 1 of Article 8) such agreement is subject to notarial certification. Accordingly, during establishing the procedure for redemption of the share of the violating partner by other partners, it is also advisable to stipulate the terms for organizing notarial certification of the agreement on the transfer of rights and obligations under the investment partnership agreement, as well as responsibility for the (repeated) failure of any of the parties to such agreement to appear at a place and time agreed by the parties for the purpose of signing and notarizing the agreement.

2.8. Duration of the Agreement or its Purpose as a Resolutive Condition

In accordance with cl. 1 of Article 13 of the Law, an investment partnership agreement should be concluded with an indication of the term or with an indication of the purpose as a resolutive condition. At the same time, the term of the investment partnership agreement, including the one concluded with an indication of the purpose as a resolutive condition, may not exceed fifteen years.
Generally, in practice, the duration of the agreement (period of the partnership) is divided into two parts: the investment period during which the search for assets is carried out for investments and direct investment transactions are executed, and the post-investment period during which the managing partner is not entitled to carry out new investment transactions, but is only entitled to manage portfolio companies or other investment assets and to make an "exit" from investments with subsequent distribution of income from such exit among all partners. The division of the partnership's activity period into the investment and post-investment periods is not prescribed by the Law and is not mandatory, but has developed in the investment environment as a business practice.

3. Investment Partnership Management Bodies

The Law (Article 9) provides that the general affairs of the partners, including decisions regarding the general affairs of the partners (with the exception of some issues that must be resolved by all partners), shall be managed by the managing partner or several managing partners. In accordance with cl. 1 of Article 9 of the Law, the conduct of joint business of the partners by the contributing partners is not allowed. In accordance with cl. 8 of Article 9 of the Law, the powers of the managing partner to execute transactions and conduct other general business of the partners on behalf of all partners are based on *the investment partnership agreement*. *To exercise the powers of the managing partner, he does not need to have a power of attorney issued in his name*.
All transactions that are carried out within the framework of the investment partnership (both within the framework of investment activities and for other purposes - for example, administrative and financial purposes (opening a bank account, brokerage account, conclusion of an audit agreement, etc.)) shall be executed on behalf of all partners by the managing partner. When executing transactions in the interests of the IP, the managing partner should indicate that he is acting on behalf of and in the interests of the IP. Various registers (register of shareholders or participants of the company in which the IP invests, state register of real estate, etc.) shall list the managing partner, despite the fact that the relevant property (shares, shares in the authorized capital, real

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estate, etc.) will constitute the common property of the partners and each partner shall be obliged to take into account his own share in the respective property. A special IP bank account shall also be opened in the name of the managing partner, but with a note that this is a special account of the investment partnership, the right to dispose of which belongs to the managing partner.
The managing partner shall keep separate records of his rights and obligations and rights and obligations that he assumes on behalf of and in the interests of the IP.

The law establishes that in order to make certain decisions regarding the common business of the partners, the agreement may provide for the establishment of a special committee of the partners (the *investment committee*). The range of issues referred to the competence of the investment committee shall be determined by the investment partnership agreement. The law provides an approximate list of issues that can be attributed to the competence of the investment committee:

(1) adoption of decisions on approval or refusal to approve transactions that were executed by the managing partner on behalf of all partners and in respect of which his right to conduct common business of the partners was limited by the terms of the investment partnership agreement;

(2) adoption of decisions on reimbursement or on refusal of reimbursement of the managing partner who has executed transactions on behalf of all partners related to joint investment activities and in respect of which his right to conduct common business of the partners has been limited, or concluded in the interests of all partners not related to joint investment activities of the transaction on his behalf, expenses incurred by him at his own expense;

(3) adoption of decisions to appeal to the court to invalidate the transaction executed by the managing partner that has gone beyond the limits established by the investment partnership agreement.

An example of more detailed description of the powers of the investment committee the following excerpt from a real investment partnership agreement may be mentioned:
“Matters to be agreed by the managing partner with the investment committee include any investment decisions related to investing of the common property of the partners or withdrawing from investments that will be carried out by the partnership in the person of the managing partner. In particular, the following issues fall within the competence of the investment committee:

(1) proposal of changes to the investment policy (declaration) of the partnership;

(2) making decisions on approval or refusal to approve transactions that are planned to be executed by the managing partner on behalf of all partners and that relate to investment activities;

(3) adoption of a decision on approval or refusal to approve the excess by the managing partner of the annual limit of the amount of expenses specified in cl. ___ of the Agreement;

(4) adoption of decisions on approval or refusal to approve preliminary documentation for a planned investment transaction (a letter of intent or other similar document) in relation to the target company;

(5) consent to the placement by the managing partner of temporarily idle funds included in the common property of the partners on settlement (current) accounts with a minimum balance and on the basis of bank deposit agreements;

(6) approval of composition and maximum cost of services of the third parties, which the managing partner is entitled to attract at the expense of the common property of the partners, if such third parties are involved in provision of services to the partnership in connection with its investment activities;

(7) approval of scope of due diligence works in regard to the target company and maximum amount of expenses for such works;

(8) quarterly (if a different schedule is not approved by the investment committee) consideration of the status of portfolio companies and results of their activities (including consideration of business plans and main stages of development of portfolio companies), providing the managing partner with recommendations on the procedure for managing portfolio companies, as well as consideration of issues, associated with liquidity and profitability of other investment assets of the Partnership".

Article 9 of the Law (cl. 4) establishes that if the investment partnership agreement provides for the

establishment of the investment committee, such agreement shall establish the procedure for its formation, convening and holding of its meetings, including the voting procedure on issues on the agenda of its meetings and the principle of distribution of votes of members of the investment committee. Since the Law has a dispositive nature, other issues relating to the activities of the investment committee may be included in the investment partnership agreement (including, e.g., the issue of remuneration of members of the investment committee for participation in managing the affairs of the investment partnership). Generally, members of the investment committee shall be representatives of the contributing partners, and by them the investors carry out indirect management of investment activities of the partnership and control of the managing partner.

Some issues related to the management of the business of the partnership are directly referred by the Law to the exclusive competence of the *partners* of the investment partnership, however, not distinguishing of any "supreme management body» of the IP consisting of the partners. Practically, some investment partnership agreements stipulate, that the parties distinguish such management body and even in some cases name it the "*general meeting of the partners*" in a similar manner to the business entities. Issues that, in accordance with the Law, should be resolved by all or majority of the partners include:

(1) making amendments to the investment partnership agreement;

(2) termination of authorities of the managing partner;

(3) assignment to one managing partner or several managing partners (in the case when there are several managing partners in the investment partnership) of the duties of execution of general business and release of the managing partners from these duties.

Other issues may be referred to the competence of the "*general meeting of the partners*", and the agreement may provide for a different number of votes of the partners, which is required for making any such decision.

In practice, the issues on which the partners shall take decisions, in addition to the above, also include consent to transfer by the contributing partner of his rights and obligations under the agreement to another partner or the third party, decision-making on satisfying requirements of the creditor of the partner on transfer of the rights and obligations of such partner to him under the agreement, approval of the candidacy of a member of the investment committee in the event of termination by any member of the investment committee of their powers, etc.

4. Transfer (Transmission) of Rights and Obligations under the Investment Partnership Agreement

In accordance with cl. 1 of Article 15 of the Law, the contributing partner shall be entitled to transfer his rights and obligations under the investment partnership agreement in whole or in part to another partner or to the third party, *unless otherwise provided by the investment partnership agreement*.

Moreover, cl. 5 of the same article of the Law establishes that the full transfer of the rights and obligations of the contributing partner under the investment partnership agreement shall be carried out *with consent of all partners, unless otherwise provided by the IPA*. The investment partnership agreement may stipulate the need of acquiring by the contributing partners of the consent of the *managing partner and (or) other partners* for the partial transfer of rights and obligations under the agreement. An investment partnership agreement may provide for the right of the partners to prevail over the third parties to execute a transaction to acquire the rights and obligations under the investment partnership agreement in full or in part, at the price of transaction, and on other equal conditions.

These conditions of the Law are explained by the fact that association for the purpose of carrying out joint investment activities is base of trust, that is, the IPA participants do care who their investment partners are, and they are not ready to "blindly" authorize the transfer of rights and obligations under the agreement from the partner, whom they trusted, to the third party unknown to them.

Transfer of rights and obligations of the managing partner shall not be allowed, unless otherwise established by the IPA (cl. 2 of Article 15 of the Law). Transfer of rights and obligations of the managing partner in succession in connection with its reorganization shall not be subject to consent of the partners, however, the partners shall have the right to resolve on replacement of the assignee of the managing partner with another managing partner in the manner and on the terms provided for by the investment partnership agreement.

As noted above, the joint investment activity of the partnership is based on the trust of the partners to each other and does not imply the free alienation of the shares

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of the partners in the common property of the partners. Therefore, even for the case of foreclosure on the share of the partner in the common property of the partners, the Law establishes a procedure that would maximize the preservation of the composition of the partners of the IP. Article 16 of the Law establishes that the creditor of the partner shall have the right to submit a request to allocate the share of the debtor partner in the common property of the partners to enforce collection on it or to transfer to the creditor the rights and obligations of the debtor partner under the investment partnership agreement if this partner own other property in an insufficient amount. If it is not possible to allot the debtor's share in kind, or *if the remaining partners object to the allocation of the debtor's share or transfer of the debtor's rights and obligations under the investment partnership agreement*, the creditor shall be entitled to demand that the debtor sell his share to the *other* partners at a price that is proportional with the market value of this share, with direction of proceeds from the sale to repay the debt. And only in case of refusal of the remaining partners to acquire the share of the debtor, the creditor shall have the right to demand the foreclosure on the debtor's share in the common property of the partners *in court* by selling this share at a public auction. Foreclosure on funds held in the account of the investment partnership is allowed only within the limits of the funds that constitute the debtor's share in the common property of the partners.

Refusal of the investment partners to participate in the investment partnership agreement during the term of its validity or until the purpose specified in the agreement is achieved shall not be allowed, *unless otherwise provided by the investment partnership agreement* (cl. 3 of Article 13 of the Law). If the investment partnership agreement nevertheless allows refusal of the investment partners to participate in the investment partnership agreement during its term or until the purpose specified in the agreement is achieved, the investment partnership agreement should contain conditions on procedure and consequences of such refusal.

All specified provisions of the Law are aimed at ensuring that the subject composition of the investment partnership agreement, as well as ratio of the shares of the partners in the common property of the partners, should not change, if possible, during the term of the agreement, and if it changes, then only in cases agreed upon (preferably - in advance, upon signing the agreement) by all partners, and on the terms agreed by all partners.

5. Responsibility of the Partners

Article 14 of the Law establishes that each contributing partner shall be responsible proportionally and within the *value of his share in the right of ownership of the common property of the partners and does not answer with his other property* in regard to common contractual obligations *related to implementation of joint investment activities by the partners*. Article 6 of the Law establishes that the contributing partner shall be liable for the common contractual obligations of the partners also to the extent (in excess of the value of his share in the right of ownership of the common property of the partners) *that he did not contribute to the common business established by the investment partnership agreement within the term established for the contribution*.

If the cost of the common property of the partners is insufficient to satisfy the claims of the creditors under the common contractual obligations related to the implementation of joint investment activities of the partners, *the managing partner shall bear subsidiary liability with all his property. If there are several managing partners, they shall jointly and severally bear subsidiary liability* for common contractual obligations related to joint investment activities carried out by the partners in case of insufficient value of the partners' common property to satisfy claims of the creditors.

If the investment partnership agreement was terminated with respect to the managing partner, but was not terminated (that is, in the case when the managing partner was replaced), such managing partner or his successor within three years from the date of termination of the investment partnership agreement shall be liable to the third parties for common obligations that arose during his participation in the investment partnership agreement, as if he remained a party to the investment partnership agreement (cl. 1 of Article 18 of the Law). Accordingly, the managing partner, who entered into the investment partnership agreement in connection with termination of the investment partnership agreement with the former managing partner, shall not be liable to the third parties for common obligations arising before her entering into the investment partnership agreement (cl. 2 of Article 18 of the Law).

However, if the investment partnership agreement was terminated in court in relation to one of its participants at his request, but was not terminated in general, the partner in respect of whom the agreement was terminated (provided that he is not the managing partner) shall not bear responsibility for common obligations that

arose during the period of his participation in the agreement (cl. 3 of Article 17 of the Law).
The partners shall be jointly and severally liable in accordance with the provisions of Articles 15, 1064 and 1102 of the Civil Code of the Russian Federation for common obligations not arising out of the agreement (with the exception of tax obligations) (e.g., for obligations arising from damage to property in the common ownership of the partners of the IP, or for obligations arising from violation of intellectual property rights). At the same time, the liability of contributing partners arises *only if the court establishes their fault* in violation of these common obligations. In the absence of fault of the contributing partners in violation of the common non-contractual obligations, the managing partner shall bear all responsibility for such violation.

The partners shall be liable with all their property in the manner established by the legislation on taxes and levies, under the common tax obligations.

6. Distribution of Income (Profit) Received from the Investment Activities of the Partnership

Receipt of income or profit is the main purpose of investment activities. However, the Law does not give any definition of income or profits of the investment partnership or income of the partners of the investment partnership. The agreement itself may give a definition (of income or profit) - for the purpose of unambiguous understanding of what income shall be distributed among the partners. E.g., "Income means any monetary funds received by the partnership as a result of exit from investment, placement of temporarily idle cash and from other sources in accordance with this Agreement (except for funds contributed by the partners on the basis of capital calls)".

It should be understood that for the purpose of applying the legislation on taxes and levies, the term "income" should be determined in accordance with tax legislation.

The distribution of income (profit) received (generated) as a result of exit from investments between the managing partner and the contributing partners shall be carried out in the proportion established by the IPA. As already mentioned above, such proportion may not correspond to the ratio of the shares of the partners in the common property of the partners, which is allowed by the Law (paragraph 2 of cl. 2 of Article 4 of the Law). Generally, in practice, until the target level of profitability is reached, all profits shall be distributed strictly in proportion to the shares of the partners in the common property of the partners (in proportion to contributions of the partners). After reaching the target level of profitability, profit may be distributed with some advantage in favor of the managing partner as recognition of his success in investment management. The IPA may provide for any other procedure for distribution of profits.
It should also be noted that the Law does not regulate in any way the time period for distribution of profits received by the partnership between the partners, that is, this issue is regulated solely by an agreement of the parties. However, it must be borne in mind that the Tax Code of the Russian Federation (Article 285) provides that the reporting period for income tax (including income earned in an appropriate share by the partner of the investment partnership) constitutes a calendar quarter. Accordingly, participants of the IP should quarterly report on their income, and in order to calculate their share in the partnership's total income, they need to understand the total income of the partnership for the reporting period. Even if in fact the distribution of the IP income between the partners in the reporting quarter did not occur, and the income received by the partnership was directed to a new investment (was reinvested), the income shall be considered to be received by all partners of the partnership in the appropriate shares from the point of view of accounting and tax accounting, and this should be reflected in the account of each partner. In order for transactions in tax accounting to coincide with actual operations, many investment partnership agreements do not allow reinvestment of the income received by the partnership, but require its distribution to the partners as soon as it is received.

7. Amendment and Termination of the Investment Partnership Agreement

In accordance with cl. 1 of Article 17 of the Law, the partners shall be entitled to demand termination or amendment of the investment partnership agreement in relations between them and other partners only in the manner and on the grounds that are provided for in cl. 2 of Article 450 of the Civil Code of the Russian Federation. As already mentioned above, cl. 2 of Article 450 of the Civil Code of the Russian Federation provides for a *judicial procedure* for amending or terminating the agreement, and is applicable *only in case of a significant breach of the agreement*.

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Provisions of cl. 1 of Article 17 of the Law are mandatory. This means that even in the case of a very significant violation of the agreement by any partner, it is possible to "exclude" him from the partnership (terminate the agreement with him) only through court action.

In case of amendment or termination of the investment partnership agreement through court action, the court decision shall be sent to the notary, who keeps one copy of the investment partnership agreement and all amendments to it. Notarial certification of amendments to the investment partnership agreement is not required in this case (cl. 2 of Article 17 of the Law).

Article 19 of the Law establishes grounds and consequences of termination of the investment partnership agreement. The grounds for termination of the agreement are:

1) expiration of the investment partnership period established by the agreement or deadline of the investment partnership agreement established by the Law (fifteen years);
2) achievement of the purpose established by the investment partnership agreement as a resolutive condition;
3) occurrence of a situation in which only one partner is the participant to the investment partnership agreement;
4) occurrence of other circumstances provided for by the Law or the investment partnership agreement.

It should be noted that with termination of the investment partnership agreement, relations between the partners do not end yet. Even after the termination of the investment partnership agreement the managing partner shall be obliged to take a number of actions aimed at identifying all creditors and debtors for common obligations of the partners, making settlements with such creditors and debtors and distributing the common property remaining after completion of these settlements between the partners having the right to receive such property. These actions are similar to those carried out by the liquidator (liquidation commission) during the liquidation of a legal entity, however, due to the fact that the investment partnership is not a legal entity, there exist far less formalities and bureaucratic hurdles during its "liquidation".

8. Confidential Nature of the Investment Partnership Agreement

Unless otherwise provided in the investment partnership agreement itself, the *terms and conditions* of the investment partnership agreement are not subject to disclosure to the third parties and are protected in accordance with the Federal Law dated July 29, 2004 No. 98-ФЗ "On Trade Secret," with the exception of disclosure of the terms and conditions of the agreement to the third parties in cases provided for by the Law and by the IPA. This is established by cl. 1 of Article 12 of the Law.

However, the *fact of existence of* the IPA may not constitute confidential information (IP cannot be a silent partnership). An agreement of the partners on establishment of a silent investment partnership is void (cl. 2 of Article 12 of the Law).

This is explained in particular by the following: an investment partnership agreement is subject to mandatory notarial certification. Accordingly, information on the fact of certification of the IPA in recorded in the register of notarial certifications. In addition, by virtue of the direct requirement of the Law (cl. 3 of Article 12), a notary public who has certified and registered documents on the investment partnership in his files, discloses information on the *existence* of the investment partnership agreement, including information on the *date of conclusion, number of such agreement, its name (individual designation), its managing partner or managing partners*, for an unlimited scope of persons from the moment the investment partnership agreement comes into force. This information on all investment partnership agreements concluded at the moment can be found at: https://notariat.ru/ru-ru/help/dogovory-investicionnogo-tovarishestva/

Information *on the investment partners and conditions of the investment partnership agreement* is not and cannot be publicly available. For many investors, this constitutes an additional advantage of such investment organization like an investment partnership, in comparison, for example, with creation of a limited liability company, the information on the participants of which is indicated in the Unified State Register of Legal Entities.

Thank you for reading our article
Will be happy to answer your questions

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