

By the Judgement of 25 September 2025 No.31-II, the Constitutional Court assessed constitutionality of Article 32 (item 5) and Article 42 (item 3) of the Federal Law «On Joint-Stock Companies»

These legal provisions were the subject of consideration to the extent that, they serve as a basis for protecting the rights of holders of preferred shares, the amount of dividends for which is defined in the charter of the joint-stock company, in the case where the decision to pay dividends on ordinary shares was made and actually executed, and no dividends were distributed to holders of preferred shares for the relevant period.

The contested legal provisions were found to be inconsistent with the Constitution to the extent that they do not provide effective ways to protect the rights of holders of such preferred shares in the event of non-payment of dividends (in whole or in part) if the joint-stock company violates the requirements of the law on the order of distribution of dividends.

Until the appropriate legislative changes are made:

decisions of joint-stock companies on payment of dividends to holders of ordinary shares made in violation of the rights of shareholders, owners of preferred shares, the amount of the dividend for which is defined in the charter of the joint-stock company, but not actually executed, are not subject to execution;

if, after the entry into force of this Judgement, such a decision is executed contrary to the above prohibition, the rights of holders of such preferred shares are subject to judicial protection by collecting from the joint-stock company as unjustified enrichment of funds in an amount equal to the amount of unpaid dividends to the relevant shareholders for the period for which the decision on the distribution of dividends on ordinary shares was made and actually executed.

The Constitutional Court separately noted that the law enforcement decisions taken in the case involving the applicants are subject to review.