

# A Guide to US, UK and EU Sanctions and Export Controls on Russia and Belarus

**July 10, 2023**

In response to Russia's February 24, 2022 invasion of Ukraine, the United States ("US"), the United Kingdom ("UK") and the European Union ("EU"), along with other countries (e.g., Australia, Canada, Japan and Switzerland), imposed various sanctions and export controls.

With no clear end in sight to the conflict, measures imposed by the United States, the UK and the EU continue to expand gradually with the purpose of eroding the Russian economy's ability to support the war. In addition, the leaders of the Group of Seven ("G7") have declared their focus on preventing and responding to sanctions evasion, including by establishing an Enforcement Coordination Mechanism to improve information sharing and coordination among allies and partners and targeting facilitators and third-country providers that may help Russia evade Western sanctions or replenish military supplies.

Below is an overview of the sanctions and export controls imposed by the US, UK and EU as of 9:00 a.m. EST July 10, 2023. **Updates since the June 14, 2023 publication are indicated in red.**

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## US SANCTIONS

Since February 2022, the United States has implemented an extensive array of sanctions and export controls in response to the war. These measures can be broadly categorized as follows:

- **Investment prohibition:** prohibition on making new investments in Russia, including purchases of debt or equity securities issued by any entity in the Russian Federation.
- **Services prohibition:** prohibition on providing various services to persons located in Russia, including accounting, trust and corporate formation and management consulting services, quantum computing services, certain services related to the maritime transportation of Russian oil and petroleum products and architecture and engineering services.
- **Import and export restrictions:** prohibition on import into the United States of certain products of Russian origin (including Russian energy products) or export,

reexport, sale or supply from the United States or by a US person of certain luxury goods to any person in Russia.

- **Blocking sanctions:** sanctions targeting Russian President Vladimir Putin and other Russian political figures, prominent Russian businessmen, Russian financial institutions and Russian state-owned institutions and their management. Blocking sanctions have also been imposed on certain Belarusian persons related to Belarus's support for and facilitation of the Russian invasion of Ukraine.
- **Financial sanctions:** including prohibitions pursuant to Executive Order ("E.O.") 14024 issued in April 2021<sup>1</sup> on transactions involving the Central Bank of the Russian Federation and related entities and correspondent and payable-through account sanctions on one Russian bank and various of its subsidiaries.
- **Transport restrictions:** prohibition on Russian-affiliated vessels from entering into US ports.
- **Comprehensive sanctions** on the Donetsk and Luhansk regions of Ukraine.
- **Export controls:** restrictions on access by Russia and Belarus to certain US goods, software and technologies.

## Russia

### Prohibition on New Investment in and Provision of Certain Services to Russia

On April 6, 2022, US President Joe Biden signed Executive Order 14071 prohibiting:

- All new investment in Russia by US persons.<sup>2</sup>
- The exportation, reexportation, sale or supply, directly or indirectly, from the United States, or by a US person, to any "person located in the Russian Federation"<sup>3</sup> of any

<sup>1</sup> 86 Fed. Reg. 20249 (Apr. 19, 2021). On March 1, 2022, OFAC published the Russian Harmful Foreign Activities Sanctions Regulations, 31 CFR part 587, to implement E.O. 14024. 87 Fed. Reg. 11297 (Mar. 1, 2022), [available here](#).

<sup>2</sup> Prior to this broad investment prohibition, on March 8, 2022, President Biden signed E.O. 14066 prohibiting new investments in the energy sector. A few days later, President Biden signed E.O. 14068, which prohibited, among other things, new investment by a US person in any sector of the Russian economy as may be determined by the Secretary of the Treasury.

<sup>3</sup> OFAC interprets this phrase to include persons in the Russian Federation, individuals ordinarily resident in the Russian Federation, and entities incorporated or organized under the laws of the Russian Federation or any jurisdiction within the Russian Federation. OFAC Frequently Asked Question ("FAQ") 1058.

category of services the Secretary of the US Department of the Treasury (“Treasury”) may determine.

- Any approval, financing, facilitation or guarantee by a US person of a transaction by a foreign person that would be prohibited by the executive order if performed by a US person or within the United States.<sup>4</sup>

### ***New Investment Prohibition***

In a series of FAQs, Treasury’s Office of Foreign Assets Control (“OFAC”) provided guidance on how it will interpret “new investment.”<sup>5</sup> FAQ 1049 defines “new investment” as the commitment of capital or other assets for the purpose of generating returns or appreciation, made on or after the effective date of the relevant new investment prohibition. New investments include: (i) the purchase or acquisition of real estate in Russia (other than for noncommercial, personal use); (ii) entry into an agreement requiring the commitment of capital or other assets for the establishment or expansion of projects or operations in Russia, including the formation of joint ventures or other corporate entities in Russia; (iii) entry into an agreement providing for participation in royalties or ongoing profits in Russia; (iv) the lending of funds to persons located in Russia for commercial purposes, including when such funds are intended to be used to fund a new or expanded project or operation in Russia; (v) the purchase of an equity interest in an entity located in Russia; (vi) the purchase or acquisition of rights to natural resources or exploitation thereof in Russia; and (vii) commitments pursuant to the exercise of rights under an agreement entered into *before* the effective date of the relevant new investment prohibition, where such commitment is made on or after the effective date of the prohibition.

New investment does *not* include: (i) the maintenance of an investment made prior to the effective date of the new investment prohibition;<sup>6</sup> (ii) entry into, performance of or financing of a contract, pursuant to ordinary commercial sales terms, to sell or purchase

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<sup>4</sup> 87 Fed. Reg. 20999 (Apr. 8, 2022). In addition, any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of or attempts to violate any of the prohibitions of the executive order, and any conspiracy formed to violate any of the prohibitions of the order, are prohibited. This prohibition applies to all of the executive orders and to directives issued under E.O. 14024 discussed below.

<sup>5</sup> See FAQs 1049-1055.

<sup>6</sup> “Maintenance” of investments generally includes all transactions ordinarily incident to performing under an agreement in effect prior to the prohibition’s effective date, *provided* that such transactions are consistent with previously established practices and support pre-existing projects or operations. Maintenance includes: (i) transactions to ensure continuity of pre-existing projects or operations located in Russia (including payments to employees, suppliers, landlords, lenders, and partners); (ii) the preservation and upkeep of pre-existing tangible property in Russia; and (iii) activities associated with maintaining pre-existing capital investments or equity investments. Maintenance activities do not include the expansion of pre-existing projects or operations beyond those in effect prior to the effective date of the executive order. FAQ 1050.

goods, services or technology to or from an entity in Russia; or (iii) wind down or divestment of a pre-existing investment, such as a pre-existing investment in an entity, project or operation, including any associated tangible property, located in Russia.

In addition, OFAC has provided guidance indicating that US persons are prohibited from purchasing new and existing debt and equity securities issued by an entity in Russia, but are not prohibited from selling or divesting, or facilitating the sale or divestment of, debt or equity securities issued by an entity in Russia to a non-US person.<sup>7</sup> US persons are not required to divest such securities and may continue to hold such previously acquired securities.

FAQ 1055 clarifies that US persons are not prohibited from lending funds to or purchasing a debt or equity interest in entities located outside of Russia, *provided* that: (i) such funds are not specifically intended for new projects or operations in Russia; and (ii) the entity located outside Russia derives less than 50% of its revenues from its investments in Russia. For purposes of assessing the foregoing, US persons may reasonably rely on the information available to them in the ordinary course of business, including publicly available information such as an entity's most recent quarterly or annual report. For purposes of determining the percentage of revenues derived from investments in Russia, revenues derived from the commercial sale of goods or services by an entity located outside of Russia to persons in Russia should not be included.

### ***Services Prohibition***

OFAC has issued several determinations pursuant to E.O. 14071 prohibiting the exportation, reexportation, sale or supply, directly or indirectly, from the United States or by a US person of certain services to any person located in Russia.

To date, the following services have been the subject of such determinations:

- Accounting,<sup>8</sup> trust and corporate formation<sup>9</sup> and management consulting services,<sup>10</sup> effective as of June 7, 2022.<sup>11</sup>

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<sup>7</sup> FAQ 1054.

<sup>8</sup> "Accounting sector" includes the measurement, processing and evaluation of financial data about economic entities. FAQ 1034.

<sup>9</sup> "Trust and corporate formation services sector" includes assisting persons in forming or structuring legal persons, such as trusts and corporations; acting or arranging for other persons to act as directors, secretaries, administrative trustees, trust fiduciaries, registered agents or nominee shareholders of legal persons; providing a registered office, business address, correspondence address or administrative address for legal persons; and providing administrative services for trusts. FAQ 1034.

<sup>10</sup> "Management consulting sector" includes strategic business advice; organizational and systems planning, evaluation and selection; development or evaluation of marketing programs or implementation; mergers,

- Quantum computing services,<sup>12</sup> effective as of October 15, 2022.<sup>13</sup>
- Architecture services<sup>14</sup> and engineering services,<sup>15</sup> effective as of June 18, 2023.<sup>16</sup>

Notably, these services prohibitions do not apply to: (i) any service to an entity located in Russia that is owned or controlled (directly or indirectly) by a US person; and (ii) any service in connection with the wind down or divestiture of an entity located in Russia that is not owned or controlled (directly or indirectly) by a Russian person. In addition, OFAC clarified that the prohibitions do not extend to persons located outside of Russia that are owned or controlled by persons located in Russia, *provided* that the services are not an indirect export to a person located in Russia (*i.e.*, the benefit of the services may

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acquisitions and organizational structure; staff augmentation and human resources policies and practices; brand management; and executive search and vetting services. *Id.*; FAQ 1064.

<sup>11</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(ii) of E.O. 14071, *Prohibitions Related to Certain Accounting, Trust and Corporate Formation, and Management Consulting Services* (May 8, 2022), available [here](#).

<sup>12</sup> “Quantum computing services” include any of the following services when related to quantum computing, quantum computers, electronic assemblies thereof or cryogenic refrigeration systems related to quantum computing: infrastructure, web hosting or data processing services; custom computer programming services; computer systems integration design services; computer systems and data processing facilities management services; computing infrastructure, data processing services, web hosting services and related services; repairing computer, computer peripherals or communication equipment; other computer-related services; as well as services related to the exportation, reexportation, sale or supply, directly or indirectly, of quantum computing, quantum computers, electronic assemblies thereof or cryogenic refrigeration systems related to quantum computing to any person located in Russia. FAQ 1084.

<sup>13</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(ii) of E.O. 14071, *Prohibitions Related to Certain Quantum Computing Services* (Sept. 15, 2022), available [here](#).

<sup>14</sup> “Architecture services” include advisory services; pre-design services; design services, including schematic design, design development, and final design; contract administration services; combined architectural design and contract administration services; including post construction services; and all other services requiring the expertise of architects. The prohibition applies to such services as they relate to residential, institutional, leisure, commercial and industrial buildings and structures; recreational areas; transportation infrastructure; land subdivisions; and not necessarily related to a new construction project. The term also includes urban planning services (*i.e.*, land use, site selection, and servicing of land for systemic, coordinated urban development) and landscape architectural services. FAQ 1129.

<sup>15</sup> “Engineering services” include assistance, advisory, consultative, design, and recommendation services concerning engineering matters or during any phase of an engineering project. Engineering design services may be for: the construction of foundations and building structures (*i.e.*, structural engineering); mechanical and electrical installations for buildings; the construction of civil engineering works; industrial processes and production; or other engineering designs, such as those for acoustics, vibration, traffic control systems, or prototype development for new products. The term additionally includes geotechnical, groundwater, and corrosion engineering services; integrated engineering services, such as those for transportation infrastructure or other projects; engineering-related scientific and technical consulting services, including geological, geophysical, geochemical, surface or subsurface surveying, and map making services; testing and analysis services of chemical, biological, and physical properties of materials or of integrated mechanical and electrical systems; and technical inspection services. FAQ 1129.

<sup>16</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(ii) of E.O. 14071, *Prohibitions Related to Architecture Services and Engineering Services* (May 19, 2023), available [here](#).

not be ultimately received by a person located in Russia).<sup>17</sup> However, the prohibitions do apply to services provided to a parent company in Russia by its US subsidiary.<sup>18</sup>

#### *Russian-Origin Crude Oil and Petroleum Products*

To implement a price cap on Russian-origin crude oil<sup>19</sup> (“Russian oil”) and petroleum products<sup>20</sup> (“Russian petroleum”) agreed by the G7 leaders,<sup>21</sup> on November 21, 2022, the Secretary of the Treasury issued a determination prohibiting the exportation, reexportation, sale or supply, directly or indirectly, from the United States or by a US person of certain services related to the maritime transportation of Russian oil to any person located in Russia, if the Russian oil is purchased above the price cap.<sup>22</sup> The determination took effect on December 5, 2022, and the price cap was set at \$60/barrel.<sup>23</sup>

In addition, on February 3, 2023, the Secretary of the Treasury issued a determination imposing equivalent prohibitions with respect to Russian petroleum, which took effect on February 5, 2023.<sup>24</sup> The price cap was set at \$45/barrel for “Discount to Crude”<sup>25</sup> Russian petroleum and at \$100/barrel for “Premium to Crude”<sup>26</sup> Russian petroleum.<sup>27</sup>

OFAC prohibited the following services as they relate to the maritime transport of Russian oil and Russian petroleum sold above the relevant price cap:<sup>28</sup>

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<sup>17</sup> FAQ 1059.

<sup>18</sup> FAQ 1062.

<sup>19</sup> “Crude oil” is defined at Harmonized Tariff Schedule of the United States (“HTSUS”) subheading 2709.00. See OFAC, *Guidance on Implementation of the Price Cap Policy for Crude Oil and Petroleum Products of Russian Federation Origin* (Feb. 3, 2023), available [here](#) (the “Price Cap Policy Guidance”).

<sup>20</sup> “Petroleum products” is defined at HTSUS subheading 2710. *Id.*

<sup>21</sup> Press release from the US Department of the Treasury dated June 28, 2022, available [here](#).

<sup>22</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(ii), 1(b), and 5 of E.O. 14071, *Prohibition on Certain Services as They Relate to the Maritime Transport of Crude Oil of Russian Federation Origin* (Nov. 21, 2022), available [here](#).

<sup>23</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(ii), 1(b), and 5 of E.O. 14071, *Price Cap on Crude Oil of Russian Federation Origin* (Dec. 5, 2022), available [here](#).

<sup>24</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(ii), 1(b), and 5 of E.O. 14071, *Prohibition on Certain Services as They Relate to the Maritime Transport of Petroleum Products of Russian Federation Origin* (Feb. 3, 2023), available [here](#).

<sup>25</sup> Articles subject to the Discount to Crude price cap include naphtha, residual fuel oil, and waste oils. See Price Cap Policy Guidance.

<sup>26</sup> Articles subject to the Premium to Crude price cap include gasoline, motor fuel blending stock, gasoil and diesel fuel, kerosene and kerosene-type jet fuel, and vacuum gas oil. *Id.*

<sup>27</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(ii), 1(b) and 5 of E.O. 14071, *Price Cap on Petroleum Products of Russian Federation Origin* (Feb. 3, 2023), available [here](#).

<sup>28</sup> See Price Cap Policy Guidance.



- *Trading/commodities brokering*: Buying, selling or trading commodities and/or brokering the sale, purchase or trade of commodities on behalf of other buyers or sellers.
- *Financing*: Providing a commitment for the provision or disbursement of any debt, equity, funds or economic resources, including grants, loans, guarantees, suretyships, bonds, letters of credit, supplier credits, buyer credits and import or export advances.
  - The processing or clearing of payments by an intermediary bank is not considered “financing” for the purposes of this prohibition if the bank: (i) is operating solely as an intermediary; and (ii) does not have any direct relationship with the person providing services related to the maritime transport of the Russian oil or Russian petroleum as it relates to the transaction.
- *Shipping*: Owning or operating a ship for the purpose of carrying or delivering cargo and/or freight transportation; chartering or sub-chartering ships to deliver cargo or transport freight; brokering between shipowners and charterers; and serving as a shipping/vessel agent.
- *Insurance*: Providing insurance, reinsurance or protection and indemnity (“P&I”) services; satisfying claims related to underwriting insurance policies that protect policyholders against losses that may occur as a result of property damage or liability; assuming all or part of the risk associated with existing insurance policies originally underwritten by other insurance carriers, including the reinsurance of a non-US insurance carrier by a US person; and providing liability insurance for maritime liability risks associated with the operation of a vessel, including cargo, hull, vessel, P&I and charterer’s liability.
- *Flagging*: Registering or maintaining the registration of a vessel with a country’s national registry of vessels. This definition does not include the deflagging of vessels transporting Russian oil or Russian petroleum sold above the relevant price cap.
- *Customs brokering*: Assisting importers and exporters in meeting requirements governing imports and exports. This definition does not include legal services or assisting importers and exporters in meeting the requirements of US sanctions.

Shipping, freight, customs and insurance costs are not included in the price caps and must be invoiced separately and at commercially reasonable rates. OFAC has stated that

it would view the billing of commercially unreasonable shipping, freight, customs or insurance costs as a sign of potential evasion of the relevant price cap.<sup>29</sup>

US persons providing covered services are required to reject participating in evasive transactions or transactions that violate the relevant price cap determination, and to report such transactions to OFAC.<sup>30</sup> However, OFAC has provided US service providers with a safe harbor from enforcement, provided that they comply in good faith with a recordkeeping and attestation process. To meet the requirements of the safe harbor, US service providers must ensure that refiners or other purchasers in third countries that have not prohibited the import of Russian oil or Russian petroleum provide documentation showing that the Russian oil or Russian petroleum was purchased at or below the relevant price cap. OFAC published guidance by “tier” of actor describing what each type of actor must do and the diligence each type of actor must undertake to be afforded the safe harbor. US persons may reasonably rely on a certificate of origin but should exercise caution if they have reason to believe such certificate has been falsified or is otherwise erroneous.<sup>31</sup>

#### **Prohibition on Certain Imports and Exports**

On March 8, 2022, President Biden signed E.O. 14066 prohibiting the importation into the United States of the following products of “Russian Federation origin”<sup>32</sup>: crude oil; petroleum; petroleum fuels, oils and products of their distillation; liquefied natural gas; coal; and coal products. The prohibition does not apply to imports that are not of Russian Federation origin, even if such items transit through or depart from the Russian Federation.<sup>33</sup>

Furthermore, on March 11, 2022, President Biden signed E.O. 14068 prohibiting, among other things:

- Imports into the United States of the following products of Russian origin: fish, seafood and preparations thereof; alcoholic beverages; non-industrial diamonds; and any other products of Russian Federation origin as may be determined by the

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<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> OFAC anticipates publishing regulations defining “Russian Federation origin” as “goods produced, manufactured, extracted, or processed in the Russian Federation, excluding any Russian Federation origin good that has been incorporated or substantially transformed into a foreign-made product.” FAQ 1019.

<sup>33</sup> FAQ 1020.

Secretary of the Treasury. On June 28, 2022, gold was added to the list of prohibited Russian-origin goods imports.<sup>34</sup>

- Export, reexport, sale or supply from the United States or by a US person of luxury goods, and any other items as may be determined by the Secretary of Commerce, to any person in Russia. The list of US-origin luxury goods issued by the Bureau of Industry and Security (“BIS”) of the US Department of Commerce includes certain spirits, tobacco products, clothing items, jewelry, vehicles and antique goods.<sup>35</sup>
- Export, reexport, sale or supply (directly or indirectly) from the United States or by a US person of US dollar-denominated banknotes to the Russian government or any person in Russia.

Any approval, financing, facilitation or guarantee by a US person of a transaction by a foreign person that would be prohibited if performed by a US person or within the United States is also prohibited.<sup>36</sup>

### Full Blocking Sanctions

E.O. 14024 authorizes blocking sanctions on persons determined to operate or to have operated in the technology and defense and related materiel sectors of the Russian economy and any other sectors as determined by the Secretary of the Treasury.

Treasury has expanded the scope of E.O. 14024 under this provision to cover Russia’s financial services sector;<sup>37</sup> aerospace, marine and electronics sectors;<sup>38</sup> accounting, trust and corporate formation services and management consulting sectors;<sup>39</sup> quantum computing sector;<sup>40</sup> and metals and mining sector.<sup>41</sup>

<sup>34</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(i) of E.O. 14068, *Prohibitions Related to Imports of Gold of Russian Federation Origin* (June 24, 2022), available [here](#). The prohibition excludes gold of Russian Federation origin that was located outside of the Russian Federation prior to June 28, 2022 (see FAQ 1070).

<sup>35</sup> For additional information, see “Luxury Products” subsection under Export Controls of this Guide.  
<sup>36</sup> 87 Fed. Reg. 14381 (Mar. 15, 2022).

<sup>37</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(i) of E.O. 14024 (Feb. 22, 2022) (Russian financial services sector), available [here](#).

<sup>38</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(i) of E.O. 14024 (Mar. 31, 2022) (Russian aerospace, marine and electronics sectors), available [here](#).

<sup>39</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(i) of E.O. 14024 (May 8, 2022) (Russian accounting, trust and corporate formation services and management consulting sectors), available [here](#).

<sup>40</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(i) of E.O. 14024 (Sept. 15, 2022) (Russian quantum computing sector), available [here](#).

<sup>41</sup> US Department of the Treasury, Determination Pursuant to Section 1(a)(i) of E.O. 14024 (Feb. 24, 2023) (Russian metals and mining sector), available [here](#).

Most recently, on May 19, 2023, Treasury issued a determination pursuant to E.O. 14024 authorizing blocking sanctions on any individual or entity determined to operate or have operated in the architecture, engineering, construction, manufacturing or transportation sectors of the Russian economy.<sup>42</sup>

### ***Specially Designated Nationals and Blocked Persons List***

OFAC and the US Department of State have imposed full blocking sanctions under E.O. 14024 and other sanctions authorities by placing numerous entities and individuals on OFAC's List of Specially Designated Nationals and Blocked Persons ("SDN List"). Since February 2022, OFAC has added over 2,500 Russia-related targets to the SDN List. Financial institutions representing over 80 percent of Russia's banking sector by assets are under US sanctions, including the top state-owned banks, as are many state-owned enterprises, political figures, prominent business figures and others. Below is a non-exhaustive list of entities and individuals on the SDN List:

<b>Financial Institutions<sup>43</sup></b>	<b>State-Owned Enterprises<sup>44</sup></b>	<b>Prominent Business Figures<sup>45</sup></b>	<b>Political Figures<sup>46</sup></b>	<b>Other</b>
Bank Zenit PJSC ("Bank Zenit")	NPK Tekhmash OAO	Vladimir Potanin (and family members)	Vladimir Putin (and daughters)	Four entities operating in Russian metals and mining sector (e.g., OOO Metallurg-Tulamash)
PJSC Bank Uralsib ("Bank Uralsib")	JSC National Aviation Service Company	Alexey Mordashov (and family members)	All members of the State Duma	Ten Russian naval entities
PJSC Ural Bank for Reconstruction and Development ("UBRD")	JSC Aerospace Defense Concern Almaz-Antey	Alisher Usmanov (and network)	Senior Russian defense officials	Russian paramilitary groups (e.g., Private Military Company Wagner ("Wagner Group"), Task Force Rusich, Private Military Company Redut)
SDM-Bank PJSC	JSC Promising Industrial and Infrastructure Technologies	Sergei Kogogin	All members of the Russian Federation Council	Private defense and security firms (e.g., Promtekhlogiya LLC, RSB-Group)
JS Commercial Bank Primorye	JSC State Transportation Leasing Company	Gennady Timchenko (and family members)	All members of the Russian Security Council	Companies developing, manufacturing or procuring technology
Bank Saint-Petersburg PJSC ("Bank Saint-Petersburg")	State Corporation Rostec ("Rostec")	Andrei Melnichenko	The Federation Council of the Federal Assembly of the Russian Federation	
Novosibirsk Social Commercial Bank	3 state-owned television stations	Victor Rashnikov		
Levoberezhny PJSC	PJSC Alrosa ("Alrosa")	Viktor Vekselberg		
PJSC MTS Bank ("MTS Bank")	JSC United Shipbuilding Corporation ("United Shipbuilding Corporation")	Andrei Guriev (and son)		
	Russian Direct Investment	Suleiman Kerimov (and son)	Federal Security Service ("FSB") <sup>47</sup>	

<sup>42</sup> US Department of Treasury, Determination Pursuant to Section 1(a)(i) of E.O. 14024 (May 19, 2023) (Russian architecture, engineering, construction, manufacturing and transportation sectors), available [here](#).

<sup>43</sup> Bank Rossiya was previously designated by OFAC. Bank Rossiya is described in the "EU Sanctions" section as subject to sanctions imposed by the EU.

<sup>44</sup> UralVagonZavod was previously designated by OFAC. UralVagonZavod is described in the "EU Sanctions" and "UK Sanctions" sections as subject to sanctions imposed by the EU and UK.

<sup>45</sup> Except for the 27 Gazprombank board members, this summary chart includes only individuals with over \$2 billion of wealth as reported by Forbes World's Billionaires List. For further information on other Russian billionaires who have been sanctioned, see our Russian Billionaires Table at [Annex A](#).

<sup>46</sup> This chart does not include political figures who have been designated for human rights violations related to the war. See, e.g., Press release of the US Department of State dated April 20, 2022, available [here](#).

<sup>47</sup> Re-designated June 28, 2022 pursuant to E.O. 14024.

Financial Institutions <sup>43</sup>	State-Owned Enterprises <sup>44</sup>	Prominent Business Figures <sup>45</sup>	Political Figures <sup>46</sup>	Other
<p>PJSC Commercial Bank Metallurgical Investment Bank (“Metallinvest Bank”)</p> <p>JSC Commercial Bank Lanta Bank</p> <p>Credit Bank of Moscow PJSC (“Credit Bank of Moscow”)</p> <p>PJSC Rosbank (“Rosbank”)</p> <p>JSC Moscow Industrial Bank (“Moscow Industrial Bank”)</p> <p>PJSC Transkapitalbank (“TKB”)</p> <p>Public Joint Stock Company Sberbank of Russia (“Sberbank”)</p> <p>Alfa-Bank JSC (“Alfa-Bank”)</p> <p>SMP Bank</p> <p>VTB Bank PJSC (“VTB”)</p> <p>PJSC Bank Financial Corporation Otkritie (“Otkritie”)</p> <p>OJSC Sovcombank (“Sovcombank”)</p> <p>JS Commercial Bank Novikombank (“Novikombank”)</p> <p>Vnesheconombank (“VEB”)</p> <p>Promsvyazbank (“PSB”)</p>	<p>Fund (“RDIF”) and its management company (JSC RDIF)</p> <p>Tactical Missiles Corporation JSC (“Tactical Missiles Corporation”)</p> <p>Advanced Research Foundation</p> <p>Entities associated with State Atomic Energy Corporation (“Rosatom”)</p>	<p>27 Gazprombank JSC (“Gazprombank”) board members</p>	<p>47 Russian governors</p> <p>Former Russian President Dmitry Medvedev (and family)</p> <p>Russian Prime Minister Mikhail Mishustin (and family)</p> <p>Foreign Minister Sergei Lavrov (and wife and daughter)</p> <p>Deputy Prime Minister Aleksandr Novak</p> <p>Deputy Prime Minister Dmitriy Grigorenko</p> <p>Ministers of Defense, Transport, Economic Development, Construction and Housing</p> <p>Head of Russian National Guard</p>	<p>for Russian military or defense (e.g., Radioavtomatika, Novostream Limited, AO PKK Milandr, UMATEX)</p> <p>Russian financial technocrats (e.g., CEO of the National Payment Card System JSC (“NSPK”))</p> <p>Nord Stream 2 AG (halted pipeline)</p> <p>Eight Russian maritime-related companies</p> <p>Crypto services provider Bitriver AG</p> <p>Over 200 entities and individuals that have assisted Russia evade sanctions</p> <p>Railway operator OOO Transoil</p> <p>Seven Russian media outlets and websites</p> <p>Over 100 Russian defense and defense-related entities</p> <p>Third-country suppliers and manufacturers of military or defense-related goods and services</p> <p>Foreign Intelligence Service</p> <p>International Investment Bank (“IIB”) and related entities</p> <p>Russian energy-related educational research institutions (e.g., Federal State Budget Educational Institution of Higher Education Saint-Petersburg Mining University, Gazprom VNIIGAZ, OOO)</p> <p>Russian drilling and mining equipment companies (e.g., Gazpromneft NNGGF,</p>

Financial Institutions <sup>43</sup>	State-Owned Enterprises <sup>44</sup>	Prominent Business Figures <sup>45</sup>	Political Figures <sup>46</sup>	Other
				Mashoil LLC)  Investment firms in Russia's energy sector (e.g., UT IT Novaya Industriya OOO)

Additionally, all entities that are owned 50% or more (directly or indirectly) by any of these entities or individuals are subject to blocking, even if not identified by OFAC.<sup>48</sup>

Generally, US persons are prohibited from any dealings with, and are required to block and freeze the assets of, persons placed on the SDN List and any entities that are owned (directly or indirectly) 50% or more by such persons. These restrictions also prohibit making any contribution or provision of funds, goods or services by, to or for the benefit of any blocked person and receiving any contribution or provision of funds, goods or services from any such person.

OFAC explained that a US investment fund may not buy, sell or otherwise engage in transactions related to debt or equity of blocked Russian financial institutions and must block such holdings, unless exempted or otherwise authorized by OFAC. However, a US fund that contains such blocked holdings generally is not itself considered a blocked entity as long as the blocked holdings represent less than a 50% share by value of the fund. As a result, US persons may continue to invest in the fund and the fund may continue to operate. The fund may divest itself of blocked holdings to the extent authorized by OFAC.<sup>49</sup>

### **Secondary Sanctions**

Although the prohibitions related to blocked persons apply only to US persons, the United States has authority to apply “secondary sanctions” on non-US persons that have “materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of” persons blocked pursuant to E.O. 14024 or certain activities for or on behalf of, or for the benefit of, the Russian government (including malicious cyber-enabled activities, interference in a US or other foreign government election, actions or policies that undermine democratic processes or institutions and other specified malign activities).<sup>50</sup> These secondary sanctions do not impose direct compliance obligations, but instead seek to discourage non-US persons from engaging in targeted activities by threatening the imposition of certain penalties.

<sup>48</sup> This is the so-called “50% Rule,” which states that the property and interests in property of entities directly or indirectly owned 50% or more in the aggregate by one or more blocked persons are considered blocked.

<sup>49</sup> FAQ 982.

<sup>50</sup> E.O. 14024 section 1(a)(vi).

***Expanded Secondary Sanctions Related to Trade in Russian Gold***

The Fiscal Year 2023 National Defense Authorization Act (“NDAA”), enacted December 23, 2022 includes provisions directing the President to impose sanctions related to trade in Russian gold.

Specifically, Section 5590 of the NDAA requires that the President submit periodic reports to Congress identifying foreign persons that knowingly participated in a significant transaction for the sale, supply or transfer (including transportation) of gold, directly or indirectly, to or from (i) Russia or (ii) the government of Russia, including from reserves of the Central Bank of Russia held outside of Russia. The reports must also identify foreign persons who knowingly participated in a significant transaction that otherwise involved gold in which the Russian government had any interest.

The President is required to impose blocking sanctions, and may impose visa sanctions, against those persons identified in the reports.

***Prohibition on Transactions with the Central Bank of Russia and Sovereign Debt***

Directive 4 under E.O. 14024, “Prohibitions Related to Transactions Involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, and the Ministry of Finance of the Russian Federation,” prohibits US persons from engaging in any transaction involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation or the Ministry of Finance of the Russian Federation (“Directive 4 Entities”), including any transfer of assets to such entities or any foreign exchange transaction for or on behalf of such entities.<sup>51</sup>

Because the directive’s prohibition covers direct and indirect involvement of the Directive 4 Entities,<sup>52</sup> OFAC has urged US persons to be cautious of nonroutine foreign exchange transactions that may indirectly involve Directive 4 Entities. OFAC also noted that US persons should exercise caution in engaging in foreign exchange transactions on the Moscow Exchange given the current heightened risk that the Central Bank of the Russian Federation could be a counterparty to such transactions.<sup>53</sup>

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<sup>51</sup> US Department of the Treasury, Directive 4 under Executive Order 14024, *Prohibitions Related to Transactions Involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, and the Ministry of Finance of the Russian Federation* (May 19, 2023), available [here](#). A prior version of this Directive, which was issued on February 28, 2022 is superseded by this version.

<sup>52</sup> FAQ 998.

<sup>53</sup> FAQ 981, 1002.



OFAC clarified that its “50% Rule” does not apply to this directive<sup>54</sup> and that US persons are not required to block transactions involving Directive 4 Entities, but must only reject such transactions.<sup>55</sup>

On May 19, 2023, OFAC amended Directive 4 to impose a reporting requirement on US persons in possession or control of property in which any of the Directive 4 Entities has a direct or indirect interest. Reporting to OFAC is required by June 18, 2023 and annually thereafter by June 30.

Directive 1A, “Prohibitions Related to Certain Sovereign Debt of the Russian Federation” (the “Russia-related Sovereign Debt Directive”), prohibits US financial institutions from participating in the secondary market for bonds issued after March 1, 2022 by the Directive 4 Entities (prohibitions on participation in primary market and lending had been introduced earlier).<sup>56</sup> Subsequently, the new investment prohibition of E.O. 14071 prohibited US persons from purchasing debt and equity securities issued by any entity in Russia, including bonds issued by Directive 4 Entities.

Entities determined to be subject to the prohibitions of Directive 1A or Directive 4 are listed on OFAC’s Non-SDN Menu-Based Sanctions List.

#### **Correspondent and Payable-Through Account Sanctions on Sberbank**

Prior to the imposition of full blocking sanctions on Sberbank and its subsidiaries on April 6, 2022, OFAC imposed restrictions on Sberbank and 25 foreign financial institution (“FFI”) subsidiaries that are 50% or more owned, directly or indirectly, by Sberbank pursuant to Directive 2 under E.O. 14024.

Directive 2, “Prohibitions Related to Correspondent or Payable-Through Accounts and Processing of Transactions Involving Certain Foreign Financial Institutions,”<sup>57</sup> prohibits US financial institutions<sup>58</sup> from:

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<sup>54</sup> FAQ 1001.

<sup>55</sup> FAQ 1004.

<sup>56</sup> US Department of the Treasury, Directive 1A under Executive Order 14024, *Prohibitions Related to Certain Sovereign Debt of the Russian Federation* (February 22, 2022), available [here](#). A prior version of this Directive, which was issued on April 15, 2021 and which is replaced and superseded by this version, prohibited the same activities with respect to participation in the primary market for ruble or non-ruble denominated bonds issued after June 14, 2021 by the entities determined to be subject to the Directive, and with respect to lending ruble or non-ruble denominated funds to the entities determined to be subject to the Directive.

<sup>57</sup> US Department of the Treasury, Directive 2 under Executive Order 14024, *Prohibitions Related to Correspondent or Payable-Through Accounts and Processing of Transactions Involving Certain Foreign Financial Institutions* (February 24, 2022), available [here](#).



- opening or maintaining a correspondent account<sup>59</sup> or payable-through account<sup>60</sup> for or on behalf of FFIs determined to be subject to the prohibitions of the directive, or their property or interests in property; and
- processing a transaction involving such FFIs or their property or interests in property.

OFAC clarified that the prohibitions of Directive 2 apply with respect to any currency, not just transactions denominated in US dollars.<sup>61</sup>

For FFIs determined to be subject to Directive 2, the prohibitions of the directive would take effect 30 days after the date of such determination. Entities determined to be subject to the prohibitions of this directive will be listed on OFAC's CAPTA List.

### Debt and Equity Prohibitions

Prior to the implementation of the new investment prohibition under E.O. 14071, which by its broad mandate covers transactions under Directive 3, "Prohibitions Related to New Debt and Equity of Certain Russia-related Entities," the directive prohibited US persons and persons within the United States from all transactions in, provision of financing for, and other dealings in: (i) new debt of longer than 14 days' maturity; and (ii) new equity, in each case of entities determined to be subject to the prohibitions of the directive or their property or interests in property and entities owned 50% or more owned by them, and irrespective of currency denomination.<sup>62</sup>

OFAC determined 13 entities were subject to the prohibitions under Directive 3, four of which (Sberbank, Alfa-Bank, Alrosa and Credit Bank of Moscow PJSC) later became

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<sup>58</sup> The prohibition only applies to US financial institutions and does not apply to foreign subsidiaries of US financial institutions (see FAQ 972). US individuals and companies that are not "US financial institutions" can process transactions involving FFIs subject to the directive. See FAQ 973.

<sup>59</sup> Directive 2 defines "correspondent account" as "an account established by a US financial institution for [an FFI] to receive deposits from, or to make payments on behalf of, the [FFI], or to handle other financial transactions related to such [FFI]."

<sup>60</sup> The term "payable-through account" is defined as "a correspondent account maintained by a US financial institution for [an FFI] by means of which the [FFI] permits its customers to engage, either directly or through a subaccount, in banking activities usual in connection with the business of banking in the United States."

<sup>61</sup> FAQ 971.

<sup>62</sup> US Department of the Treasury, Directive 3 under Executive Order 14024, *Prohibitions Related to New Debt and Equity of Certain Russia-related Entities* (February 24, 2022), available [here](#).

subject to full blocking sanctions.<sup>63</sup> Prohibitions took effect on March 26, 2022 for these entities and their 50% or more owned subsidiaries.<sup>64</sup>

For any entity later determined to be subject to Directive 3, the prohibitions of the directive would take effect 30 days after the date of such determination. Entities determined to be subject to the prohibitions of this directive will be listed on OFAC's Non-SDN Menu-Based Sanctions List.

### **Prohibition on Russian-Affiliated Vessels Entering US Ports**

On April 22, 2022, President Biden issued Proclamation 10371 prohibiting Russian-affiliated vessels from entering into US ports.<sup>65</sup> "Russian-affiliated vessels" means: (i) vessels of Russian registry (*i.e.*, the vessel is Russian flagged); (ii) vessels that are Russian owned (*i.e.*, the legal title of ownership of the vessel that appears on the ship's registration documents is the Government of the Russian Federation or a Russian company, citizen, or permanent resident); or (iii) vessels that are Russian operated (*i.e.*, a Russian company, citizen or permanent resident is responsible for the commercial decisions concerning the employment of a ship and decides how and where that asset is employed).

The prohibition does not apply in two scenarios:

- Russian-affiliated vessels used in the transport of source material,<sup>66</sup> special nuclear material<sup>67</sup> and nuclear byproduct material<sup>68</sup> for which, and for such time as, the Secretary of Energy determines that no viable source of supply is available that would not require transport by Russian-affiliated vessels; and
- Russian-affiliated vessels requesting only to enter US ports due to force majeure, solely to allow seafarers of any nationality to disembark or embark for purposes of conducting crew changes, emergency medical care or for other humanitarian need.

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<sup>63</sup> The other nine entities determined to be subject to Directive 3 were Gazprombank JSC, JSC Russian Agricultural Bank, PJSC Gazprom, PJSC Gazprom Neft, OJSC Russian Railways, PJSC Transneft, PJSC Rostelecom, PJSC RusHydro and JSC Sovcomflot.

<sup>64</sup> Subsequently, the new investment prohibition of E.O. 14071 prohibited US persons from purchasing debt and equity securities issued by any entity in Russia, including securities issued by Directive 3 entities.

<sup>65</sup> 87 Fed. Reg. 24265 (Apr. 22, 2022).

<sup>66</sup> The term "source material" has the same meaning given to that term in section 11(z) of the Atomic Energy Act of 1954 (AEA) ([42 U.S.C. 2014\(z\)](#)).

<sup>67</sup> The term "special nuclear material" has the same meaning given to that term in section 11(aa) of the AEA ([42 U.S.C. 2014\(aa\)](#)).

<sup>68</sup> The term "byproduct material" has the same meaning given to that term in section 11(e) of the AEA ([42 U.S.C. 2014\(e\)](#)).

The prohibition went into effect on April 28, 2022.

### **General Licenses**

For the purpose of minimizing unintended consequences on third parties, OFAC issued a number of general licenses (“GLs”) in connection with these actions. Below is a list of GLs in effect as of the publication date of this document.

#### **GL 2: Servicing Transactions Involving VEB**

GL 2 authorizes all transactions prohibited by E.O. 14024 involving VEB and its subsidiaries that are ordinarily incident and necessary to the servicing of bonds issued before March 1, 2022 by the Directive 4 Entities.

#### **GL 5: Transactions Related to Official Business of Certain International Organizations and Entities**

GL 5 authorizes transactions by employees, grantees or contractors for the conduct of the official business of: (i) the International Centre for Settlement of Investment Disputes, the Multilateral Investment Guarantee Agency, the International Committee of the Red Cross and the International Federation of Red Cross and Red Crescent Societies; and (ii) The African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development and the Inter-American Development Bank Group, including any fund entity administered or established by any of the foregoing (the “Selected International Organizations”).

Note that transactions for the conduct of the official business of the United Nations (including its specialized agencies, programs, funds and related organizations) by employees, grantees or contractors are exempted under section 9 of E.O. 14024.

#### **GL 6C: Transactions Related to Agricultural Commodities, Medicine, Medical Devices, the COVID-19 Pandemic or Clinical Trials**<sup>69</sup>

GL 6C authorizes transactions related to (1) the production, manufacturing, sale, transport or provision of agricultural commodities,<sup>70</sup> agricultural equipment, medicine,<sup>71</sup> medical devices,<sup>72</sup> replacement parts and components for medical devices or

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<sup>69</sup> Effective January 17, 2023, GL 6C replaces and supersedes GL 6B, issued July 14, 2022.

<sup>70</sup> Agricultural commodities are products that fall within the term “agricultural commodity” as defined in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602) and are intended for use as: (i) food for humans (including raw, processed and packaged foods; live animals; vitamins and minerals; food additives or supplements; and bottled drinking water) or animals (including animal feeds); (ii) seeds for food crops; (iii) fertilizers or organic fertilizers; or (iv) reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals.

<sup>71</sup> Medicine is an item that falls within the definition of the term “drug” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

<sup>72</sup> A medical device is an item that falls within the definition of “device” in section 201 of the Federal Food, Drug, and Cosmetic Act.

software updates for medical devices; (2) the prevention, diagnosis or treatment of COVID19 (including research or clinical studies relating to COVID-19); or (3) clinical trials and other medical research activities.

GL 6C authorizes certain services that would otherwise be prohibited under the determination of May 8, 2022 made pursuant to E.O. 14071, which prohibited certain accounting, trust and corporate formation and management consulting services.

OFAC clarified that, for a US financial institution to engage in transactions authorized under GL 6C, all funds transfers must be processed indirectly through a non-sanctioned, non-US financial institution.<sup>73</sup>

**GL 7A: Transactions Related to Overflight and Emergency Landings**<sup>74</sup>

GL 7A authorizes transactions that are ordinarily incident and necessary to: (i) the receipt of, and payment of charges for, services rendered in connection with overflights of the Russian Federation or emergency landings in the Russian Federation by aircraft registered in the United States or owned or controlled by, or chartered to, US persons; and (ii) provide air ambulance and related medical services, including medical evacuation, to individuals in the Russian Federation.

OFAC clarified that, for a US financial institution to engage in transactions authorized under GL 7A, all funds transfers must be processed indirectly through a non-sanctioned, non-US financial institution.<sup>75</sup>

**GL 8G: Transactions Related to Energy**<sup>76</sup>

GL 8G authorizes through 12:01 a.m. EDT on November 1, 2023 transactions that are “related to energy” involving one or more of the Central Bank of the Russian Federation or: (i) VEB; (ii) Otkritie; (iii) Sovcombank; (iv) Sberbank; (v) VTB; (vi) Alfa-Bank; (vii) Rosbank; (viii) Bank Zenit PJSC; (ix) Bank Saint-Petersburg PJSC; or (x) any entity in which one or more of the entities listed in (i)-(ix) own, directly or indirectly, individually or in the aggregate, a 50% or greater interest.

The term “related to energy” means the extraction, production, refinement, liquefaction, gasification, regasification, conversion, enrichment, fabrication, transport or purchase of petroleum, including crude oil, lease condensates, unfinished oils, natural gas liquids, petroleum products, natural gas or other products capable of producing energy, such as coal, wood or agricultural products used to manufacture biofuels, or uranium in any

<sup>73</sup> FAQ 978. Throughout this document, we refer to the most recent versions of GLs that have been amended, even if the FAQs have not yet been updated to reflect the new GL number.

<sup>74</sup> Effective May 5, 2022, GL 7A replaces and supersedes GL 7, issued February 24, 2022.

<sup>75</sup> FAQ 978.

<sup>76</sup> Effective May 5, 2023, GL 8G replaces and supersedes GL 8F, issued February 24, 2023.

form, as well as the development, production, generation, transmission or exchange of power, through any means, including nuclear, thermal and renewable energy sources.

OFAC clarified that, for a US financial institution to engage in transactions authorized under GL 8G, all funds transfers must be processed indirectly through a non-sanctioned, non-US financial institution.<sup>77</sup>

GL 8G does not: (i) authorize any transaction prohibited by Directive 1A under E.O. 14024 (the Russia-related Sovereign Debt Directive); or (ii) any debit to an account on the books of a US financial institution of the Central Bank of the Russian Federation.

**GL 13E: Certain Administrative Transactions Prohibited by Directive 4**<sup>78</sup>

GL 13E authorizes US persons or entities owned or controlled (directly or indirectly) by a US person through 12:01 a.m. EDT on August 17, 2023, to pay taxes, fees or import duties, and purchase or receive permits, licenses, registrations or certifications, to the extent such transactions are prohibited by Directive 4, *provided* such transactions are ordinarily incident and necessary to such persons' day-to-day operations in the Russian Federation.

GL 13E does not authorize transactions that involve the payment of "exit tax," which the Russian government may require prior to the divestment of assets located in the Russian Federation.<sup>79</sup>

**GL 14: Clearing and Settlement Transactions Prohibited by Directive 4**

GL 14 authorizes all transactions prohibited by Directive 4 involving the Directive 4 Entities, where the Directive 4 Entity's sole function in the transaction is to act as an operator of a clearing and settlement system, *provided* that: (i) there is no transfer of assets to or from any Directive 4 Entity, unless separately authorized; and (ii) no Directive 4 Entity is either a counterparty or a beneficiary to the transaction (unless separately authorized).

**GL 18: Transactions Related to US Dollar-Denominated Banknote Noncommercial, Personal Remittances Prohibited by E.O. 14068**

GL 18 authorizes all transactions prohibited by E.O. 14068 that are ordinarily incident and necessary to the transfer of US dollar-denominated banknote noncommercial, personal remittances<sup>80</sup> from: (i) the United States or a US person, wherever located, to an individual located in the Russian Federation; or (ii) a US person who is an individual

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<sup>77</sup> FAQ 978.

<sup>78</sup> Effective May 19, 2023, GL 13E replaces and supersedes GL 13D, issued February 24, 2023.

<sup>79</sup> FAQ 1118.

<sup>80</sup> Noncommercial, personal remittances do not include charitable donations to or for the benefit of an entity or funds transfers for use in supporting or operating a business, including a family-owned business.

located in the Russian Federation. Noncommercial, personal remittances do not include charitable donations to or for the benefit of an entity or funds transfers for use in supporting or operating a business, including a family-owned business.

Transferring institutions may rely on the originator of a funds transfer with regard to compliance with GL 18, *provided* that the transferring institution does not know or have reason to know that the funds transfer is not in compliance with GL 18.

**GL 19: Transactions Related to Personal Maintenance of US Individuals Located in the Russian Federation Prohibited by E.O. 14068**

GL 19 authorizes individuals who are US persons located in the Russian Federation to engage in all transactions prohibited by E.O. 14068 that are ordinarily incident and necessary to their personal maintenance within the Russian Federation, including payment of housing expenses, acquisition of goods or services for personal use, payment of taxes or fees and purchase or receipt of permits, licenses or public utility services.

**GL 20: Third-Country Diplomatic and Consular Funds Transfers**

GL 20 authorizes US persons to engage in all transactions ordinarily incident and necessary to the official business of third-country diplomatic or consular missions located in Russia that are prohibited by E.O. 14024 or section 1(a)(iv) of E.O. 14068.

**GL 25C: Transactions Related to Telecommunications and Certain Internet-Based Communications**<sup>81</sup>

GL 25C authorizes all transactions ordinarily incident and necessary to the receipt or transmission of telecommunications involving the Russian Federation. In addition, the exportation or reexportation, sale or supply (directly or indirectly) from the United States or by US persons (wherever located) to the Russian Federation of services, software, hardware or technology incident to the exchange of communications over the internet (e.g., instant messaging; videoconferencing; chat and email; social networking; sharing of photos, movies and documents; web browsing; blogging; web hosting and domain name registration services) is authorized.

OFAC clarified that GL 25C does not authorize any transactions involving JSC Channel One Russia, JSC NTV Broadcasting Company, Television Station Russia-1, LLC Algoritm, New Eastern Outlook or Oriental Review, recently designated entities, unless separately authorized.

**GL 27: Certain Transactions in Support of Nongovernmental Organizations' Activities**

GL 27 authorizes all transactions ordinarily incident and necessary to certain activities<sup>82</sup> by nongovernmental organizations, *provided* that the only involvement of blocked

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<sup>81</sup> Effective July 14, 2022, GL 25C replaces and supersedes GL25B, dated June 2, 2022.

persons is the processing of funds by financial institutions blocked pursuant to E.O. 14024.

**GL 31: Transactions Related to Patents, Trademarks and Copyrights**

GL 31 authorizes the following transactions in connection with a patent, trademark, copyright or other form of intellectual property protection (“IP protection”) in the United States or Russia: (i) the filing and prosecution of any application to obtain IP protection; (ii) the receipt of IP protection; (iii) the renewal or maintenance of IP protection; and (iv) the filing and prosecution of any opposition or infringement proceeding with respect to IP protection or the entrance of a defense to any such proceeding.

**GL 38A: Transactions Related to Pension Payments**<sup>83</sup>

GL 38A authorizes all transactions ordinarily incident and necessary to the processing of pension payments to: (i) US persons; or (ii) non-US persons not located in Russia that are prohibited by E.O. 14024, *provided* that the only involvement of blocked persons is the processing of funds by financial institutions blocked pursuant to E.O. 14024.

**GL 40C: Transactions Related to Civil Aviation Safety**<sup>84</sup>

GL 40C authorizes all transactions ordinarily incident and necessary to the provision, exportation or reexportation of goods, technology or services to ensure the safety of civil aviation involving one or more of the blocked entities listed in the annex to GL 40C and that are prohibited by E.O. 14024.

However, the aircraft must be registered in a jurisdiction solely outside of the Russian Federation and the goods, technology or services that are provided, exported or reexported must be for use on aircraft operated solely for civil aviation purposes.

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<sup>82</sup> The authorized activities are those that: (1) support humanitarian projects to meet basic human needs in Ukraine or Russia, including drought and flood relief; food, nutrition, and medicine distribution; the provision of health services; assistance for vulnerable or displaced populations, including individuals with disabilities and the elderly; and environmental programs; (2) support democracy building in Ukraine or Russia, including activities to support rule of law, citizen participation, government accountability and transparency, human rights and fundamental freedoms, access to information and civil society development projects; (3) support education in Ukraine or Russia, including combating illiteracy, increasing access to education, international exchanges and assisting education reform projects; (4) support non-commercial development projects directly benefiting the people of Ukraine or Russia, including those related to health, food security and water and sanitation; and (5) support environmental and natural resource protection in Ukraine or Russia, including the preservation and protection of threatened or endangered species, responsible and transparent management of natural resources and the remediation of pollution or other environmental damage.

<sup>83</sup> Effective August 19, 2022, GL 38A replaces and supersedes GL38, issued June 2, 2022.

<sup>84</sup> Effective November 14, 2022, GL 40C replaces and supersedes GL40B, issued August 3, 2022.



**GL 42: Transactions with the Federal Security Service**

GL 42 authorizes all transactions involving the FSB prohibited by E.O. 14024 that are ordinarily incident and necessary for: (1) requesting, receiving, utilizing, paying for or dealing in licenses, permits, certifications or notifications issued or registered by the FSB for the importation, distribution or use of information technology products in the Russian Federation, *provided* that (i) the exportation, reexportation or provision of any goods or technology that are subject to the Export Administration Regulations (“EAR”) is licensed or otherwise authorized by the Department of Commerce, and (ii) the payment of any fees to the FSB for such licenses, permits, certifications or notifications does not exceed \$5,000 in any calendar year; (2) complying with law enforcement or administrative actions or investigations involving the FSB; and (3) complying with rules and regulations administered by the FSB.

**GL 44: Export or Reexport of Certain Accounting Services to US Individuals in Russia**

GL 44 authorizes all transactions ordinarily incident and necessary to the exportation, reexportation, sale or supply (directly or indirectly) from the United States or by a US person of tax preparation or filing services to any individual who is a US person located in the Russian Federation.

**GL 46: Transactions in Support of an Auction Process to Settle Certain Credit Derivative Transactions Prohibited by the New Investment Prohibition**

GL 46 authorizes all transactions related to the establishment, administration, participation in and execution of an auction process as announced by the EMEA Credit Derivatives Determination Committee to settle credit derivative transactions with a reference entity of “the Russian Federation” and prohibited by the new investment prohibition in E.O. 14071.

The purchase or receipt of debt obligations of the Russian Federation by US persons is authorized for the period beginning two business days prior to the announced date of the auction and ending eight business days after the conclusion of the auction. All transactions ordinarily incident and necessary to facilitating, clearing and settling transactions authorized under this license are also authorized.

**GL 50: Closing of Individual Accounts at Blocked Financial Institutions**

GL 50 authorizes all transactions prohibited by E.O. 14024 that are ordinarily incident and necessary to (i) the closing of an account of an individual (wherever located) who is not a blocked person (“the account holder”), held at a financial institution blocked pursuant to E.O. 14024 and (ii) the unblocking and lump sum transfer of all remaining funds and other assets in the account to the account holder, including to an account of the account holder held at a non-blocked financial institution.



**GL 52: Journalistic Activities and Establishment of News Bureaus**

GL 52 authorizes US news reporting organizations or US individuals who are journalists, photojournalists or broadcast or technical personnel to engage in a variety of transactions to the extent such transactions are ordinarily incident and necessary to journalistic activities or to establish or operate a news bureau. Any transactions involving Joint Stock Company Channel One Russia, Joint Stock Company NTV Broadcasting Company, Television Station Russia-1, LLC Algoritm, New Eastern Outlook or Oriental Review remain prohibited, unless separately authorized.

**GL 53: Diplomatic Missions of the Russian Federation**

GL 53 authorizes US persons to engage in all transactions ordinarily incident and necessary to the official business of diplomatic or consular missions of the Government of the Russian Federation (“Russian missions”) that would otherwise be prohibited by Directive 4, including the compensation of employees of Russian missions.

OFAC confirmed that the GL 53 authorization applies to transactions related to Russian missions located in or outside the United States and that non-US persons may engage in transactions authorized for US persons under GL 53 without risk of sanctions under E.O. 14024.<sup>85</sup>

**GL 54A: Certain Transactions Involving VEON Ltd. or VEON Holdings B.V.**<sup>86</sup>

GL 54A authorizes all transactions ordinarily incident and necessary to (i) the purchase or receipt of any debt or equity securities of VEON Ltd. or VEON Holdings B.V. that are prohibited by the new investment prohibition of E.O. 14071, *provided* that the debt or equity securities were issued prior to June 6, 2022, and (ii) facilitating, clearing and settling of such transactions.

**GL 55: Certain Services Related to Sakhalin-2**

GL 55 authorizes through 12:01 a.m. EDT, September 30, 2023, all transactions related to the maritime transport of crude oil originating from the Sakhalin-2 project, *provided* that the Sakhalin-2 crude oil is solely for importation into Japan.

**GL 56A: Certain Services with Respect to the EU**<sup>87</sup>

GL 56 authorizes all transactions related to the importation of Russian oil or Russian petroleum that would be prohibited by the price cap on Russian oil or Russian petroleum into the Republic of Bulgaria, the Republic of Croatia or landlocked EU Member States as described in Council Regulation (EU) 2022/879 of June 3, 2022.

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<sup>85</sup> FAQ 1096.

<sup>86</sup> Effective January 17, 2023, GL 54A replaced and superseded GL 54, issued November 18, 2022.

<sup>87</sup> Effective February 3, 2023, GL 56A replaced and superseded GL 56, issued November 22, 2022.

**GL 57A: Certain Services Related to Vessel Emergencies**<sup>88</sup>

GL 57A authorizes all transactions otherwise prohibited by the price cap on Russian oil or Russian petroleum that are ordinarily incident and necessary to addressing vessel emergencies related to the health or safety of the crew or environmental protection, including safe docking or anchoring, emergency repairs or salvage operations.

GL 57A does not authorize any transactions related to the sale of Russian oil or Russian petroleum.

**GL 62: Wind Down of Transactions Involving Certain Entities Linked to Alisher Usmanov**

GL 62 authorizes through 12:01 a.m. EDT on July 11, 2023, all transactions ordinarily incident and necessary to the wind down of any transaction involving Holdingovaya Kompaniya Metalloinvest AO (“Metalloinvest”), Megafon PAO (“Megafon”), Limited Liability Company USM Telecom (“USM Telecom”), Akkermann Cement Ca Limited Liability Company (“Akkermann”) or any entity in which Metalloinvest, Megafon, USM Telecom or Akkermann owns, directly or indirectly, individually or in the aggregate, a 50% or greater interest, *provided* that any payment to a blocked person must be made into a blocked account.

**GL 63: Certain Transactions Related to Debt or Equity of, or Derivative Contracts Involving, Metalloinvest**

GL 63 authorizes through 12:01 a.m. EDT on July 11, 2023, all transactions that are ordinarily incident and necessary to (i) the divestment or transfer, or the facilitation of the divestment or transfer, of debt or equity of Metalloinvest or any entity in which Metalloinvest owns, directly or indirectly, a 50% or greater interest, purchased prior to April 12, 2023, to a non-US person, (ii) facilitating, clearing and settling trades of covered debt or equity that were placed prior to 4:00 pm EDT on April 12, 2023 and (iii) the wind down of derivative contracts entered into prior to 4:00 pm EDT on April 12, 2023 that (a) include a blocked person described in GL 63 as a counterparty or (b) are linked to covered debt or equity, *provided* that any payments to a block person must be made into a block account.

GL 63 does not authorize US persons to (i) sell, or facilitate the sale of, covered debt or equity to, directly or indirectly, any person whose property and interests in property are blocked or (ii) purchase or invest in, or facilitate the purchase of or investment in, directly or indirectly, covered debt or equity, other than purchase or investments ordinarily incident and necessary to divestment and transfer transactions as described in GL 63.

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<sup>88</sup> Effective February 3, 2023, GL 57A replaced and superseded GL 57, issued November 22, 2022.

**GL 64: Certain Transactions Involving Kommersant**

GL 64 authorizes all transactions involving Joint Stock Company Kommersant or any entity in which Joint Stock Company Kommersant owns, directly or indirectly, a 50% or greater interest, that are ordinarily incident and necessary to the operations of the newspaper *Kommersant*.

**GL 65: Certain Transactions Involving Megafon or Digital Invest Limited Liability Company**

GL 65 authorizes all transactions ordinarily incident and necessary to the receipt or transmission of telecommunications involving (i) Megafon or Digital Invest Limited Liability Company (“Digital Invest”) or any entity in which Megafon or Digital Invest owns, directly or indirectly, individually or in the aggregate, a 50% or greater interest, and (ii) Tajikistan or Uzbekistan.

GL 65 does not authorize: (i) the opening or maintaining of a correspondent or payable-through account for or on behalf of any entity subject to Directive 2; (ii) any debit to an account on the books of a US financial institution of any Directive 4 Entities; or (iii) any transactions prohibited by E.O. 14066 or E.O. 14068.

**GL 66: Wind Down of Transactions Involving Polyus**

GL 66 authorizes through 12:01 am EDT on August 17, 2023, all transactions that are ordinarily incident and necessary to the wind down of any transaction involving Public Joint Stock Company Polyus (“Polyus”) or any entity in which Polyus owns, directly or indirectly, a 50% or greater interest, *provided* that any payment to a blocked person must be made into a blocked account.

**GL 67: Certain Transactions Related to Debt or Equity of, or Derivative Contracts Involving, Polyus**

GL 67 authorizes through 12:01 am EDT on August 17, 2023, all transactions that are ordinarily incident and necessary to (i) the divestment or transfer, or the facilitation of the divestment or transfer, of debt or equity of Polyus or any entity in which Polyus owns, directly or indirectly, a 50% or greater interest, purchased prior to May 19, 2023, to a non-US person, (ii) facilitating, clearing and settling trades of covered debt or equity that were placed prior to 4:00 pm EDT on May 19, 2023 and (iii) the wind down of derivative contracts entered into prior to 4:00 pm EDT on May 19, 2023 that (a) include a blocked person described in GL 67 as a counterparty or (b) are linked to covered debt or equity, *provided* that any payments to a blocked person must be made into a blocked account.

GL 67 does not authorize US persons to (i) sell, or facilitate the sale of, covered debt or equity to, directly or indirectly, any person whose property and interests in property are blocked or (ii) purchase or invest in, or facilitate the purchase of or investment in,

directly or indirectly, covered debt or equity, other than purchases or investments ordinarily incident and necessary to divestment and transfer as described in GL 67.

**GL 68: Wind Down of Transactions Involving Certain Universities and Institutes**

GL 68 authorizes through 12:01 am EDT on July 18, 2023, all transactions that are ordinarily incident and necessary to the wind down of any transactions involving one or more of the following block persons, *provided* that any payment to a blocked person must be made into a blocked account: (i) Federal State Budgetary Educational Institution of Higher Education Grozny State Oil Technical University Named After Academician M.D. Millionshchikov; (ii) Federal State Budget Educational Institution of Higher Education State Petersburg Mining University; (iii) Federal State Budgetary Educational Institution of Higher Education Sergo Ordzhonikidze Russian State University for Geological Prospecting; (iv) Federal State Budgetary Educational Institution of Higher Vocational Education Gubkin Russian State University of Oil and Gas; (v) State Budgetary Educational Institution of Higher Education Almet'yevsk State Oil Institute; or (vi) any entity in which one or more of the above persons own, directly or indirectly, individually or in the aggregate, a 50% percent or greater interest.

**FAQs**

OFAC's Frequently Asked Questions provide further guidance on these sanctions. Below is a non-exhaustive list of these FAQs, some of which are addressed in the preceding discussion, as applicable.

- Provide an overview of actions related to Russia's financial services sector pursuant to E.O. 14024 (FAQs 966, 974).
- Explain the wind down requirements for dealings with relevant banks and note that not all newly sanctioned banks are covered by a wind-down period (*e.g.*, PSB or Novikombank) (FAQ 975).
- Address questions related to Directive 2 (FAQs 967, 968, 969, 970, 971, 972), including:
  - FAQ 967 explains that Directive 2 does not impose blocking sanctions and, thus, does not require US financial institutions to block the assets of FFIs subject to the prohibitions of the directive. Instead, the directive requires that US financial institutions reject any transaction involving any such FFI or its property or interests in property. This includes rejecting transactions related to any securities (including depositary receipts) issued by such FFI, including secondary market trading, or custodied by such FFI.

- FAQ 969 explains that all FFIs that are 50% or more owned by a designated entity are covered. However, OFAC also clarified that the prohibitions do not apply to subsidiaries that are not FFIs, even if those non-FFI subsidiaries are 50% or more owned, directly or indirectly, individually or in the aggregate, by one or more FFIs determined to be subject to the directive.
  - FAQ 971 cautions that Directive 2's restrictions apply to all currencies, not just US dollar transactions.
  - FAQ 972 notes that non-US financial institutions are not within the scope of Directive 2's restrictions regarding Sberbank, but FAQ 970 further explains that non-US financial institutions may not use their own accounts to process US dollar or other transactions on behalf of Sberbank at a US financial institution.
- Address authorized transactions related to energy (FAQs 976, 977) and for official business of an international organization, humanitarian-related trade or the response to the COVID-19 pandemic (FAQ 979).
- Explain compliant payment flows for certain licensed transactions under GLs 6C, 7A and 8G (FAQ 978).
- Address accounts held by US persons at a sanctioned FFI (FAQ 973).
- Note that non-US persons face the risk of being sanctioned themselves if US authorities determine that they have materially assisted, sponsored or provided financial, material or technological support for, or goods or services to or in support of, a Russian company blocked under the new sanctions (FAQ 980).
- Address debt and equity restrictions under Directive 3 and related GL 9C (FAQs 981, 982, 983, 984, 985, 986, 987, 988, 989).
- Provide that debits to blocked accounts are only permitted if expressly authorized (FAQ 990).
- Address questions related to Directive 4 (FAQs 998, 999, 1001, 1002, 1003, 1004, 1005), including:
  - FAQs 998 and 1002 clarify that direct and indirect transactions involving Directive 4 Entities are prohibited and warn US persons of nonroutine foreign exchange transactions that may indirectly involve Directive 4 Entities. On May 19, 2023, FAQ 998 was updated to reflect a Directive 4

amendment that imposed a reporting requirement on US persons in possession or control of property in which any of the Directive 4 Entities has an interest.

- FAQ 999 explains what authorizations exist for Directive 4 Entities.
- FAQ 1001 confirms that OFAC's "50% Rule" does not apply to Directive 4.
- FAQ 1004 clarifies that US persons are not required to block transactions involving Directive 4 Entities.
- FAQ 1005 confirms that Directive 4 does not prohibit trading in the secondary markets for debt or equity of Directive 4 Entities, provided that no Directive 4 Entity is a counterparty to such transaction. However, FAQ 1005 clarifies that the new investment restrictions prohibit US persons from purchasing debt and equity securities issued by an entity in the Russian Federation.
- Explain that if GL 8C is not renewed, OFAC intends to issue a general license authorizing the orderly wind down of activities covered by GL 8C (FAQ 1012).<sup>89</sup>
- Affirm that E.O. 14024 and other Russia-related sanctions extend to virtual currency and digital assets and that (i) US persons, including virtual currency exchanges, virtual wallet hosts and other service providers, are prohibited from engaging in or facilitating prohibited transactions, and (ii) US financial institutions are prohibited from processing prohibited virtual currency transactions (FAQ 1021).
- Address questions related to E.O. 14068, including:
  - FAQ 1022 provides an overview of the new Russia-related prohibitions on certain imports, exports and new investment.
  - FAQ 1025 confirms that GL 6A<sup>90</sup> remains valid and authorizes, among other things, transactions ordinarily incident and necessary to the exportation or reexportation of agricultural commodities (including products such as fish, seafood or preparations thereof) to, from or transiting the Russian Federation, provided that such transactions are not for the importation of

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<sup>89</sup> The currently operative license is GL 8G. OFAC has not updated this FAQ since the issuance of GL 8C on June 14, 2022.

<sup>90</sup> The currently operative license is GL 6C. OFAC has not updated this FAQ since March 11, 2022.

these Russian-origin products into the United States, as prohibited by E.O. 14068.

- FAQ 1026 explains that non-US persons are not exposed to sanctions under E.O. 14068 for the import of prohibited Russian origin products to jurisdictions outside the United States, provided that such import does not involve a sanctioned person or otherwise prohibited transaction.
- FAQ 1027 clarifies that definitions of “fish, seafood and preparations thereof,” “alcoholic beverages” and “non-industrial diamonds” are derived from Harmonized Tariff Schedule of the United States articles.
- FAQ 1028 confirms that GL 18 authorizes certain transactions that are ordinarily incident and necessary to the transfer of US dollar-denominated banknotes for noncommercial, personal remittances from: (i) the United States or a US person, to an individual located in the Russian Federation; or (ii) a US person who is an individual located in the Russian Federation. GL 18 also authorizes methods of payment including withdrawals of US dollar-denominated banknotes via automated teller machines and the hand carrying of US dollar-denominated banknotes.
- Address the impact of E.O. 14024, the June 28, 2022 determination issued pursuant to E.O. 14068 and other Russia-related sanctions on gold-related transactions or persons participating in the gold market (FAQ 1029).
- Clarify that US persons, including US operators of credit card systems and US acquirers, are prohibited from processing transactions involving certain sanctioned foreign financial institutions. Non-US operators of credit card systems whose payment cards are issued by sanctioned foreign financial institutions may also be in violation of sanctions if they allow those cards to be used in the United States (FAQ 1030).
- Clarify that GL 25C explicitly excludes from the authorization any transactions involving JSC Channel One Russia, Television Station Russia-1, JSC NTV Broadcasting Company, New Eastern Outlook and Oriental Review (FAQ 1040).
- Confirm that transactions ordinarily incident and necessary to the exportation or reexportation of agricultural commodities to, from or transiting Russia that involve

Agropromyshlenniy Kompleks Voronezhskii OOO, Anninskii Elevator OOO and Azovskaya Zernovaya Kompaniya OOO<sup>91</sup> are authorized under GL 6B<sup>92</sup> (FAQ 1039).

- Address questions relating to the May 8, 2022 actions targeting certain accounting, trust and corporate formation and management consulting services (FAQs 1033, 1034, 1035, 1036, 1038), including:
  - FAQ 1038 provides definitions, for the purposes of the May 8, 2022 determination made pursuant to E.O. 14024, of “accounting sector,” “trust and corporate formation services sector” and “management consulting sector.”
  - FAQ 1035 provides definitions of “credit rating services” and “auditing services.”
  - FAQ 1034 provides definitions, for the purposes of the May 8, 2022 determination made pursuant to E.O. 14071, of “accounting,” “trust and corporate formation” and “management consulting” services.
- Address questions related to the new investment prohibition (FAQs 1049-1055), including:
  - FAQ 1049 defines “new investment” as the commitment of capital or other assets for the purpose of generating returns or appreciation, made on or after the effective date of the relevant new investment prohibition.
  - New investments includes: (i) the purchase or acquisition of real estate in Russia (other than for noncommercial, personal use); (ii) entry into an agreement requiring the commitment of capital or other assets for the establishment or expansion of projects or operations in Russia, including the formation of joint ventures or other corporate entities in Russia; (iii) entry into an agreement providing for the participation in royalties or ongoing profits in Russia; (iv) the lending of funds to persons located in Russia for commercial purposes, including when such funds are intended to be used to fund a new or expanded project or operation in Russia; (v) the purchase of an equity interest in an entity located in Russia; and (vi) the purchase or acquisition of rights to natural resources or exploitation thereof in Russia.

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<sup>91</sup> These entities were designated for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, JSC Moscow Industrial Bank.

<sup>92</sup> The currently operative license is GL 6C. OFAC has not updated this FAQ since May 8, 2022.



- New investment also includes such commitments pursuant to the exercise of rights under an agreement entered into *before* the effective date of the relevant new investment prohibition, where such commitment is made on or after the effective date of the prohibition.
- New investment does *not* include: (i) the maintenance of an investment made prior to the applicable effective date of the relevant new investment prohibition; (ii) entry into, performance of, or financing of a contract, pursuant to ordinary commercial sales terms, to sell or purchase goods, services or technology to or from an entity in Russia; and (iii) wind down or divestment of a pre-existing investment, such as a pre-existing investment in an entity, project or operation, including any associated tangible property, located in Russia.
- FAQ 1055 clarifies that the new investment prohibition does not prohibit US persons from lending funds to or purchasing a debt or equity interest in entities located outside of Russia, *provided* that: (i) such funds are not specifically intended for new projects or operations in Russia; and (ii) the entity located outside Russia derives less than 50% of its revenues from its investments in Russia. For purposes of assessing the foregoing, US persons may reasonably rely upon the information available to them in the ordinary course of business, including publicly available information such as an entity's most recent quarterly or annual report. For purposes of determining the percentage of revenues derived from investments in Russia, revenues derived from the commercial sale of goods or services by an entity located outside of Russia to persons in Russia should not be included.
- FAQ 1054 confirms that the new investment prohibition restricts US persons from purchasing new and existing debt and equity securities issued by an entity in Russia. However, it does not prohibit US persons from selling or divesting, or facilitating the sale or divestment of, debt or equity securities issued by an entity in Russia to a non-US person. US financial institutions may clear and settle, or otherwise serve as market intermediaries in, divestment transactions on the secondary market (including transactions between non-US persons).
- OFAC clarified that US persons are not required to divest such securities and may continue to hold such previously acquired securities.
- Furthermore, the purchase of shares in a US fund that contains debt or equity securities issued by entities in Russia generally would not be considered a prohibited "new investment," so long as the fund's holdings of

debt or equity securities issued by entities in Russia represent less than a 50% share by value of the fund. As a result, US persons may continue to invest in the fund, and the fund may continue to operate. Generally, the fund may also divest itself of these prohibited holdings.

- In addition, OFAC explained that the conversion of depositary receipts to underlying local shares of non-sanctioned Russian issuers would not be considered a prohibited new investment in Russia.
- OFAC also clarified that the purpose of GL 45 is to authorize the close-out of financial contracts entered into on or before June 6, 2022 that might not otherwise be considered a divestment of debt or equity securities issued by entities in the Russian Federation.
- FAQ 1053 clarified that transactions related to the divestment or the facilitation of divestment of a pre-existing investment, including a pre-existing investment in an entity, project or operation in Russia, are not prohibited by the new investment prohibition. In addition, the prohibition on a US person of approving, financing, facilitating or guaranteeing a transaction by a foreign person that would be prohibited if performed by a US person or within the United States does not prohibit US persons from facilitating the wind down or divestment of an existing investment in a project or operation in Russia.
- FAQ 1053 also clarified that the prohibition on approval, financing, facilitation or guarantee by a US person of a transaction by a foreign person that would be prohibited if conducted by a US person does not prohibit US persons from facilitating the wind down or divestment of an existing investment in Russia, *provided* that such facilitation is on behalf of the selling party only.
- FAQ 1052 notes that US persons may continue to fund their subsidiaries and affiliates with projects or operations located in Russia prior to the effective date of the relevant new investment prohibition *provided* the use of funds by the subsidiary or affiliate is related to “maintenance” activities. The expansion of pre-existing projects or operations beyond those in effect prior to the effective date of the relevant prohibition would not be maintenance activities and thus would be prohibited.
- FAQ 1051 confirmed that the new investment prohibition does not prohibit the export or import of goods, services or technology, or related sales or purchases, to or from Russia, *provided* that such transaction is made

pursuant to ordinary commercial sales terms (e.g., a payment of an invoice for goods made within the contracted time period, where such payment does not involve ongoing participation in royalties or ongoing profits).

- Address questions related E.O. 14071's prohibition on certain services (FAQs 1059-1068), including:
  - FAQ 1059 clarified that the prohibition does not extend to persons located outside of Russia that are owned or controlled by persons located in Russia, provided that the services are not an indirect export to a person located in Russia (i.e., that the benefit of the services is not ultimately received by a person located in Russia).
  - FAQ 1060 notes that the prohibition on trust and corporate formation services does not, in and of itself, prohibit US persons from serving on the board of directors of a company located in Russia. However, US persons are prohibited from providing nominee officer or director services in which a US person is contracted to serve as a nominee officer, director, shareholder or signatory of a legal person on behalf of a person located in Russia.
  - FAQ 1061 clarified that US persons are not generally prohibited from working as employees of entities located in Russia and are only prohibited from providing the enumerated prohibited services to companies located in the Russian Federation in their capacity as employees.
  - FAQ 1062 confirmed that the prohibition does apply to services provided to a parent company in Russia by its US subsidiary.
  - FAQ 1063 clarified that the prohibition on trust and corporate formation applies to both new and existing trusts and companies, regardless of whether the services are performed as part of the formation of a new trust or company or as part of the administration or maintenance of an existing trust or company.
  - OFAC confirmed that executive search and vetting services are covered under the prohibition on "management consulting services" (FAQ 1064) and that "accounting services" include tax preparation and filing (FAQ 1068).
  - FAQ 1065 clarified that US persons are prohibited from serving as voting trustees on behalf of, or for shares of, persons located in Russia.

- OFAC also clarified that US persons are not prohibited from providing: (i) educational services (such as online university courses) on the subjects of accounting, management consulting or trust and corporate formation to persons located in Russia (FAQ 1066); or (ii) software related to accounting, management consulting or trust and corporate formation to persons located in Russia, provided that such associated services do not fall within the categories of management consulting, accounting or trust and corporate formation (FAQ 1067).
- Explain that the determination issued on June 28, 2022 pursuant to E.O. 14068 prohibits the importation into the United States of gold of Russian Federation origin, but does not prohibit gold of Russian Federation origin that was located outside of the Russian Federation prior to June 28, 2022 (FAQ 1070).
- Explain that GL 46 authorizes transactions such as the submission and acceptance of bids and offers and physical settlement requests by auction participants and their customers, or the delivery and acceptance of the Russian Federation debt obligations and corresponding settlement amounts. OFAC also explained that although GL 46 authorizes US persons to purchase or receive Russian debt obligations for the period beginning two business days prior to the announced date of the auction and ending eight business days after the conclusion of the auction, the general license does not require the clearance and settlement of such transactions to be completed within eight business days after the conclusion of the auction (FAQ 1072).
- Confirm that PhosAgro PJSC, EuroChem Group AG and Sheremetyevo International Airport are not owned 50% or more by recently designated individuals and are therefore not blocked (FAQs 1073-1075).
- Explain that accounts held by US persons at any blocked Russian financial institutions (checking and savings accounts, credit cards, CDs, loans and mortgages) generally are themselves considered blocked property, unless exempt. US persons must stop utilizing such accounts and treat them as blocked. US persons are also required to file a blocking report with OFAC. Note that GL 50 authorizes all transactions ordinarily incident and necessary to close individual accounts held at a blocked financial institution (FAQ 1080).
- Confirm that individuals do not need to provide official documentation proving they have closed their account at a blocked Russian financial institution when utilizing GL 50 (FAQ 1081).
- Explain that although the NSPK (the operator of Russia's MIR National Payment System, which clears and settles payments between consumers, merchants and

banks for debit and credit card payments, primarily in Russia) is not a blocked entity, it may be used to process transactions involving other sanctioned persons, and thus non-US financial institutions that enter into or expand agreements with NSPK risk supporting Russia's efforts to evade US sanctions through the expanded use of the MIR National Payment System outside of Russia (FAQ 1082).

- Define the term “quantum computing services” (FAQ 1084).
- Confirm that non-US persons are exposed to sanctions risk for activities that would constitute material assistance, sponsorship, financial, material or technological support for, or goods or services to or in support of (“material support”), sanctioned persons or sanctionable activity, particularly for providing material support for Russia's illegal attempts to annex Ukrainian sovereign territory. However, OFAC again reiterated that sanctions will generally not be imposed on non-US persons engaging in activities that would be authorized for US persons (FAQ 1091).
- Explain that sanctions may be imposed against non-US persons that provide goods, services or other support for Russia's military-industrial complex. OFAC reaffirmed its broad authority to block non-US persons for violating Russia-related and Ukraine-related sanctions, including the authority to block any person determined to:
  - operate in the defense and related materiel sector of the Russian Federation economy;
  - have materially assisted, sponsored or provided financial, material or technological support for, or goods or services to or in support of, sanctionable activities or persons blocked under the Russia-related sanctions; or
  - have knowingly engaged in significant transactions with companies identified on the list issued under Section 231 of Countering America's Adversaries Through Sanctions Act of companies operating in the Russian defense and intelligence sectors (FAQ 1092).
- Notify that, based on information available to OFAC as of December 15, 2022, Norilsk Nickel is not owned 50% or more by Vladimir Potanin and is therefore not blocked as a result of the designation of Vladimir Potanin (FAQ 1104).
- Confirm that US persons, including US financial institutions, may transfer securities issued by non-blocked Russian entities from a decedent's estate to the account of a relevant beneficiary or beneficiaries, including a successor entity (e.g., a family trust), *provided* such transfers (i) are part of the ordinary course administration of the

decedent's estate, (ii) do not involve an exchange for value, and (iii) have no other sanctions nexus (including the involvement of blocked persons). Blocked securities in a decedent's estate must remain blocked unless a specific license is obtained from OFAC (FAQ 1113).

- Explain that OFAC anticipates publishing regulations defining the term “metals and mining sector of the Russian Federation economy” to include any act, process or industry of extracting, at the surface or underground, ores, coal, precious stones or any other minerals or geological materials in the Russian Federation, or any act procuring, processing, manufacturing or refining such geological materials or transporting them to, from or within the Russian Federation (FAQ 1115).
- Explain that the sector determination with respect to the metals and mining sector of the Russian economy exposes persons that OFAC may identify as operating or having operated in the sector to sanctions risk, but does not, as a matter of course, automatically impose sanctions on such persons (FAQ 1116).
- Explain that OFAC does not intend to target persons for operating in the metals and mining sector where the provision of goods or services is solely for the safety and care of personnel, protection of human life, prevention of accidents or injuries, maintenance or repair necessary to avoid environmental or other significant damage or activities related to environmental mitigation or remediation (FAQ 1117).
- Clarify that GL 13E does not authorize transactions that involve the payment of “exit tax,” which the Russian government may require prior to the divestment of assets located in the Russian Federation. OFAC does not consider the “exit tax” to be ordinarily incident and necessary to day-to-day operations in the Russian Federation and therefore prohibits US persons from engaging in such a transaction with Directive 4 Entities. US persons whose divestment will involve an “exit tax” payment may require a license from OFAC (FAQ 1118).
- Distinguish between GL 25C, which only authorizes telecommunications-related transactions involving Russia, and GL 65, which specifies authorization for telecommunications and internet-based communications involving the certain entities and Tajikistan or Uzbekistan (FAQ 1122).
- Summarize the sectors in scope for potential sanctions pursuant to E.O. 14024 and define the following sectors of the Russian Federation economy (FAQs 1126 and 1086)
  - “Architecture sector of the Russian Federation Economy” includes activities such as advising; pre-designing; designing; preparing sketches, reports,

studies, assessments, site plans, working drawings, specifications, cost estimates, as-built drawings or other materials; contract administration; site selection; and inspections concerning architectural and related matters involving the Russian Federation.

- “Engineering sector of the Russian Federation economy” includes activities such as advising; designing; recommending; consulting; constructing; installing; surveying; preparing studies, specifications, cost estimates, working drawings, process flow diagrams, arrangement drawings or other materials; map making; planning; testing; analysis; and inspecting for engineering and related matters involving the Russian Federation.
- “Construction sector of the Russian Federation economy” includes activities such as the production, procurement, devising, framing, design, testing, financing, distribution or transport involving the Russian Federation, of goods, services or technology to fabricate, shape, alter, maintain or form any buildings or structures, including the on-site development, assembly or construction of residential, commercial or institutional buildings or of transportation infrastructure, in the Russian Federation.
- “Manufacturing sector of the Russian Federation economy” includes activities such as the creation, modification, repair, testing or financing, of goods by manual labor or machinery involving the Russian Federation and any related activities, including the provision or receipt of goods, services or technology to, from or involving the manufacturing sector of the Russian Federation economy.
- “Transportation sector of the Russian Federation economy” includes activities such as the production, manufacturing, testing, financing, distribution or transport to, from or involving the Russian Federation of any mode of transport or any goods, services or technology for the movement or conveyance of persons or property and the loading, unloading or storage incidental to the movement of such persons or property and any related activities, including the provision or receipt of goods, services or technology to, from or involving the transportation sector of the Russian Federation economy.
- “Quantum computing sector of the Russian Federation economy” includes activities related to products and services in or involving Russia in research, development, manufacturing, assembling, maintenance, repair, sale or supply of quantum computing, quantum computers, electronic assemblies

thereof or cryogenic refrigeration systems related to quantum computing (FAQ 1086).

- Summarize the categories of services prohibited pursuant to E.O. 14071 and define the terms “architecture services” and “engineering services” (FAQ 1128).
- Clarify that State Department sanctions on Russian-based Polimetall AO apply only to this entity and any entities in which it owns, directly or indirectly, a 50% percent or greater interest. The blocking sanctions do not apply to the entity’s ultimate parent company, Jersey-based Polymetal International PLC, its non-blocked subsidiaries or non-blocked affiliates to the extent that the proposed dealings do not involve any blocked person or interest in property of a blocked person (FAQ 1129).



## **Embargo of Breakaway Territories**

E.O. 14065 imposes an embargo, apparently modeled on E.O. 13685's embargo of Crimea, on the self-declared Donetsk People's Republic ("DPR") and Luhansk People's Republic ("LPR") regions of Ukraine (or such other regions of Ukraine as may be determined by the Secretary of Treasury).<sup>93</sup>

E.O. 14065 effectively prohibits new US investment in and any US trade with the regions.<sup>94</sup> The order authorizes future sanctions against persons determined to have operated in the DPR or LPR regions and certain other individuals and entities associated with such persons.

OFAC clarified that E.O. 14065 does not block the entire Donetsk and Luhansk oblasts. In determining whether a location is within the regions subject to sanctions, one may reasonably rely on vetted information from reliable third parties (e.g., postal codes and maps).<sup>95</sup>

## **General Licenses**

In connection with these new sanctions related to the breakaway territories, OFAC issued various general licenses:

### **GL 18: Transactions Related to Agricultural and Medical Commodities and the COVID-19 Pandemic in the DPR and LPR Regions**

GL 18 authorizes transactions that are ordinarily incident and necessary to: (1) the exportation or reexportation of agricultural commodities, medicine, medical devices, replacement parts and components for medical devices or software updates for medical devices to the DPR and LPR regions or persons in other countries purchasing specifically for resale to these regions; or (2) the prevention, diagnosis or treatment of COVID-19 (including research or clinical studies relating to COVID-19) in the DPR and LPR regions.

### **GL 19: Telecommunications and Mail Transactions in the DPR and LPR Regions**

GL 19 authorizes all transactions that are ordinarily incident and necessary to the receipt or transmission of telecommunications in the DPR and LPR regions. The license does not authorize the provision, sale or lease of telecommunications equipment or technology or capacity on telecommunications transmission facilities.

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<sup>93</sup> 87 Fed. Reg. 10293 (Feb. 23, 2022).

<sup>94</sup> E.O. 14065 prohibits the following activities DPR and LPR regions (the "Covered Regions"): (i) new investment in the Covered Regions by a US person, wherever located; (ii) the importation into the United States, directly or indirectly, of any goods, services or technology from the Covered Regions; (iii) the exportation, reexportation, sale or supply, directly or indirectly, from the United States or by a US person, wherever located, of any goods, services or technology to the Covered Regions; and (iv) any approval, financing, facilitation or guarantee by a US person, wherever located, of a transaction by a foreign person that would be prohibited if performed by a US person or within the United States.

<sup>95</sup> OFAC FAQ 1009.

**GL 20: Official Business of Certain International Organizations in the DPR and LPR Regions**

GL 20 authorizes transactions by employees, grantees or contractors for the conduct of the official business of: (i) the United Nations (including its programs, funds and other entities and bodies, as well as its specialized agencies and related organizations); (ii) Selected International Organizations (as defined above); and (iii) the Organization for Security and Co-operation in Europe.

**GL 21: Noncommercial, Personal Remittances and Operation of Accounts**

GL 21 authorizes all transactions that are ordinarily incident to the transfer of noncommercial, personal remittances to or from the DPR and LPR regions or for or on behalf of an individual ordinarily resident in those regions.

Transactions that are ordinarily incident and necessary to maintaining, operating or closing an account of an individual ordinarily resident in those regions, other than an SDN, are authorized, *provided* that the transactions processed through the account: (i) are of a personal nature and are not for the benefit of an entity, including supporting or operating a business; and (ii) do not involve transfers directly or indirectly to the DPR or LPR regions or for the benefit of persons ordinarily resident in the DPR or LPR regions unless the transfers are noncommercial, personal remittances.

US depository institutions, US-registered brokers or dealers in securities and US-registered money transmitters are authorized to process noncommercial, personal remittances regardless of whether the originator or beneficiary is an individual who is a US person. The license is not limited to a specific method of payment.<sup>96</sup>

**GL 22: Exportation of Certain Services and Software Incident to Internet-Based Communications**

GL 22 authorizes all transactions that are ordinarily incident and necessary to the exportation or reexportation, directly or indirectly, from the United States or by a US person, wherever located, to persons in the DPR and LPR regions of services incident to the exchange of personal communications over the internet or certain software that is necessary to enable such services.

However, this license does not authorize the exportation or reexportation, directly or indirectly, of services or software with knowledge or reason to know that such services or software are intended for any person whose property and interests in property are blocked.<sup>97</sup>

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<sup>96</sup> FAQ 1007.

<sup>97</sup> *Id.*

**GL 23: Certain Transactions in Support of Nongovernmental Organizations' Activities**

GL 23 authorizes transactions by nongovernmental organizations that are ordinarily incident and necessary to support certain activities in the DPR or LPR regions. Such activities include humanitarian, democracy-building and educational projects; non-commercial development; and activities to support environmental and natural resource protection.

**GL 24: Transactions Related to the Provision of Maritime Services**

GL 24 authorizes transactions related to the provision or receipt of civil maritime services performed by individuals who are ordinarily resident in the DPR or LPR regions, *provided* that such services: (i) are performed outside of the DPR or LPR regions; and (ii) are not performed on behalf of any entity located in, or organized under, the laws of the DPR or LPR regions.

**GL 25: Journalistic Activities and Establishment of News Bureaus in the DPR and LPR Regions**

GL 25 authorizes US news reporting organizations or US individuals employed by a news reporting organization<sup>98</sup> (journalist, photojournalist, supporting broadcast or technical personnel) to engage in a variety of transactions in the DPR or LPR regions to the extent such transactions are ordinarily incident and necessary to journalistic activities.

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<sup>98</sup> "News reporting organization" means an entity whose primary purpose is the gathering and dissemination of news to the general public.

## **Belarus**

### **Full Blocking Sanctions**

Because of Belarus's support for and facilitation of the Russian military action in Ukraine, OFAC has imposed full blocking sanctions on various Belarusian entities and individuals, including:

- Belarusian President Alyaksandr Lukashenka (previously sanctioned) and his wife;
- Belarusian Bank of Development and Reconstruction Belinvestbank JSC;
- LLC Belinvest-Engineering;
- CJSC Belbizneslizing;
- Bank Dabrabyt JSC;
- Minsk Wheeled Tractor Plant ("MZKT") and senior executives of MZKT;
- State Authority for Military Industry of the Republic of Belarus and its Chairman and Deputy Chairman;
- State Owned Foreign Trade Unitary Enterprise Belspetsvneshtekhnika;
- Belarusian Minister of Defense Viktor Khrenin;
- State Secretary of the Security Council of Belarus Aleksandr Volfovich;
- Belarusian Oil Trade House;
- OJSC Belarusian Automobile Plant ("BelAZ");
- Sergei Nikiforovich (director of BelAZ);
- OJSC Minsk Automobile Plant ("MAZ"); and
- Valery Ivankovich (director of MAZ).

Additionally, all entities that are owned 50% or more (directly or indirectly) by any of these entities or individuals are subject to blocking, even if not identified by OFAC.

As with the blocking sanctions described above, all property and interests in property of the designated individuals and entities that are in the United States or in

the possession or control of US persons are blocked and must be reported to OFAC. All transactions by US persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons are prohibited unless authorized by OFAC or otherwise exempt.

#### **General Licenses**

In connection with these new sanctions on Belarus, OFAC issued general licenses authorizing certain transactions related to:

##### **GL 6: Official Business of the US Government**

GL 6 authorizes all transactions that are for the conduct of the official business of the United States Government by its employees, grantees or contractors.

##### **GL 7: Official Business of the UN and Other Organizations**

GL 7 authorizes all transactions by employees, grantees or contractors for the conduct of the official business of the United Nations (including its programs, funds and other entities and bodies, as well as its specialized agencies and related organizations) and the Selected International Organizations (as defined above).

## Export Controls

BIS now maintains several new restrictions specific to Russia and Belarus.

### New Licensing Requirements

On April 9, 2022, BIS expanded earlier licensing requirements for Russia and Belarus to all controlled items designated on the Commerce Control List.<sup>99</sup> Previously, BIS had issued the “Implementation of Sanctions Against Russia Under the Export Administration Regulations (EAR)” (“Russia Rule”) and the “Imposition of Sanctions Against Belarus Under the EAR” (“Belarus Rule” and, together with the Russia Rule, the “Rules”). The Russia Rule became effective on February 24, 2022, and the Belarus Rule on March 2, 2022. Both implemented new license requirements and licensing policies to further restrict the access of Russia and Belarus to controlled US goods, software and technologies, particularly items that Russia and Belarus rely on for their defense, aerospace and maritime industries, including semiconductors, computers, telecommunications, information security equipment, lasers and sensors.<sup>100</sup>

Beyond items on the Commerce Control List, on September 15, 2022, BIS issued a rule imposing further export controls on industrial and commercial items that can support Russian and Belarusian military aggression against Ukraine. The new rule expands the scope of export controls by, among other things, adding Belarus to the industry sector sanctions that previously applied only to Russia and expanding “military end user” and “military-intelligence end user” controls to cover six critical entities currently producing items for the Russian and Belarusian military and industrial sectors. In addition, the rule imposes controls on quantum computing-related hardware, software and technology, complementing the prohibition on quantum computing services to Russia.<sup>101</sup> Since then, BIS has further expanded the scope of the Russian and Belarusian industry sector restrictions (oil and gas production, commercial and industrial items and chemical and biological precursors) and the sanctions on luxury goods to better align them with the controls that have been implemented by US allies and partners imposing substantially similar controls on Russia and Belarus.<sup>102</sup> BIS issued guidance noting that the expanded US export controls may be applied to third-country companies and government entities outside of Russia or Belarus attempting to provide material support for Russia’s and Belarus’s military and industrial sectors, including to replenish (“backfill”) technologies and other prohibited items.<sup>103</sup>

<sup>99</sup> Press release of the US Department of Commerce dated April 9, 2022, available [here](#).

<sup>100</sup> 87 Fed. Reg. 12226 (Mar. 3, 2022). On March 2, 2022, BIS extended the export control policies put in place for Russia to Belarus (87 Fed. Reg. 13048 (Mar. 8, 2022)).

<sup>101</sup> Press release of the US Department of Commerce dated September 15, 2022, available [here](#); 87 Fed. Reg. 57068 (Sept. 16, 2022).

<sup>102</sup> 88 Fed. Reg. 12175 (Feb. 27, 2023).

<sup>103</sup> FAQ issued by the US Department of Commerce dated September 30, 2022, available [here](#).

On May 19, 2023, BIS expanded the list of items requiring licensing to (i) electronics, instruments and advanced fibers for the reinforcement of composite materials and (ii) discrete chemicals, biologics, fentanyl and its precursors and related equipment designated EAR99.<sup>104</sup>

#### **“Military End Users” and “Military End Uses”**

Restrictions on Russian “military end users” and “military end uses” now cover all items subject to the EAR with exceptions for items classified as ECCN 5A992.c or 5D992.c (e.g., certain “mass market” computers and similar electronics and “mass market” software), so long as they are not for Russian “government end users” or Russian state-owned enterprises.<sup>105</sup>

On December 21, 2022, BIS imposed additional restrictions on Wagner Group, which has been subject to US sanctions and on the Entity List since 2017 for its involvement in Russia’s 2014 invasion of Ukraine. This recent action designates the Wagner Group as a Russian military end user and restricts its access to certain foreign-produced items.<sup>106</sup>

BIS has also added seven Iranian entities involved in the manufacture of UAVs to the Entity List as Russian military end users. Marking the one-year anniversary of Russia’s invasion of Ukraine, BIS added 86 entities supporting Russia’s defense sector and war effort to the Entity List, with 76 of those entities being concurrently designated as Russian/Belarusian military end users.

#### **New Foreign Direct Product (“FDP”) Rules**

The Rules add a new FDP Rule that is applicable to the entire countries of Russia and Belarus and another, broader new rule directed at Russian and Belarusian “military end users.” The aim of these rules is to limit these two countries’ access to certain items manufactured with US software or technology, even if manufactured by a non-US person outside the United States.

On May 23, 2023, BIS expanded the destination scope of the FDP Rule to the temporarily occupied Crimea region of Ukraine to make it more difficult for items to be procured for Russia’s use in Crimea in support of its military aggression in Ukraine.<sup>107</sup>

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<sup>104</sup> Press release of the US Department of Commerce dated May 19, 2023, available [here](#).

<sup>105</sup> On June 2, 2022, BIS issued a final rule revising certain provisions of the EAR, including revising the controls for Russian and Belarussian military end uses and military end users by extending license requirements to include food and medicine designated as EAR99. License applications for such items will be subject to a case-by-case review policy. Press release of the US Department of Commerce dated June 2, 2022, available [here](#).

<sup>106</sup> Press release of the US Department of Commerce dated December 21, 2022, available [here](#).

<sup>107</sup> 88 Fed. Reg. 33422 (May 23, 2023).

### Violations and Temporary Denial Orders

Since March 2022, BIS has identified numerous commercial and private aircraft that have flown into Russia in apparent violation of the EAR and notified the public that providing any form of service to these aircraft requires authorization.<sup>108</sup> There are now a total of 184 aircraft identified on the list for apparent violations of US export controls.

BIS has issued Temporary Denial Orders (“TDOs”) to various airlines for their ongoing export violations of Russia-related export controls,<sup>109</sup> including most recently to Smartavia on May 16, 2023.<sup>110</sup> TDOs terminate the right of these entities to participate in transactions subject to the EAR, including exports and reexports from the United States. The TDOs are issued for 180 days and may be renewed.

BIS has also issued TDOs to individuals and companies for their involvement with Russian intelligence, including a number of export violations to procure highly sensitive technology (including advanced semiconductors) for Russian military, defense sector and research institutions.<sup>111</sup> For example, on February 24, 2023, BIS issued a TDO to Russian company Radiotester OOO for the unauthorized export of controlled counterintelligence items to Russia and North Korea.<sup>112</sup> On May 16, 2023, BIS issued a TDO to two companies (Florida company MIC P&I, LLC and freight forwarder Intermodal Maldives) and two individuals for diverting civilian aircraft parts to Russia.<sup>113</sup> More recently, on June 9, 2023, BIS issued a TDO against Aratos Group, a network of defense-related companies in the Netherlands and Greece which acted as a procurement agent for Russian intelligence services, purchasing dual-use technologies from U.S. companies and then falsifying documents in order to evade export controls.<sup>114</sup>

BIS, jointly with other agencies, has issued various guidance on compliance with and evasion of these export controls. On March 2, 2023, the US Department of Commerce, Treasury and the US Department of Justice issued a joint compliance note highlighting their concern regarding the use of third-party intermediaries to evade Russia-related sanctions and export controls. The note emphasized the importance of maintaining effective, risk-based compliance programs to minimize the risk of sanctions evasion. Among other signs, financial institutions should be

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<sup>108</sup> Press release of the US Department of Commerce dated March 18, 2022, available [here](#).

<sup>109</sup> Three Russian Airlines (Aeroflot, Azur Air and UTair) on April 7, 2022; AviaStar on April 21, 2022; Rossiya Airlines on May 20, 2022; Belavia Belarusian Airlines on June 16, 2022; Nordwind Airlines, Pobeda Airlines and S7 Airlines on June 24, 2022; and URAL Airlines JSC on October 13, 2022.

<sup>110</sup> Press release of the US Department of Commerce dated May 16, 2023, available [here](#).

<sup>111</sup> See, e.g., Press release of the US Department of Commerce dated December 13, 2022, available [here](#).

<sup>112</sup> Press release of the US Department of Commerce dated February 24, 2023, available [here](#).

<sup>113</sup> Press release of the US Department of Commerce dated May 16, 2023, available [here](#).

<sup>114</sup> Press release of the US Department of Commerce dated June 9, 2023, available [here](#).



vigilant regarding the use of shell companies to conduct international wire transfers or otherwise to obscure ownership, source of funds or countries involved.<sup>115</sup>

BIS and Treasury's Financial Crimes Enforcement Network ("FinCEN") have also jointly issued two alerts to financial institutions advising them to be vigilant of efforts to evade export controls. The first alert includes transactional and behavioral red flags regarding export control evasions and a list of commodities at higher risk of export control evasion due to their potential diversion to and end use by Russia and Belarus to further military and defense capabilities.<sup>116</sup> The second alert provides nine new high-priority item codes to inform customer due diligence and identifies new red flags to assist financial institutions identify suspicious transactions relating to possible export control evasion.<sup>117</sup>

### Entity List

Since April 1, 2022, BIS has added over 350 entities to the Entity List. The entities added are located in Belarus, Russia, the Crimea region of Ukraine, Switzerland, Latvia, China, Canada, France, Luxembourg and the Netherlands and were placed on the Entity List for numerous reasons, including:

- for acquiring and attempting to acquire items subject to the EAR in support of Belarus's and Russia's militaries;
- for their continued supply to Russian military end users;<sup>118</sup>
- for acquiring or attempting to acquire US-origin items related to the quantum computing sector;<sup>119</sup>
- for their significant contributions to or their involvement in the Russian military and/or the defense industrial base;<sup>120</sup> and
- for engaging in sanction evasion.

Being placed on the Entity List applies a highly restrictive policy of denial for the review of license applications for exports, reexports and transfers (in-country) to the

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<sup>115</sup> US Department of Commerce, US Department of the Treasury and US Department of Justice, *Tri-Seal Compliance Note: Cracking Down on Third-Party Intermediaries Used to Evade Russia-Related Sanctions and Export Controls* (Mar. 2, 2023), available [here](#).

<sup>116</sup> Press release of the US Department of Commerce dated June 28, 2022, available [here](#). The list is intended to assist in the risk-based screening of export-related financial transactions and includes the following commodities: (i) aircraft parts/equipment; (ii) antennas; (iii) breathing systems; (iv) cameras; (v) GPS system; (vi) inertial measurement units; (vii) integrated circuits; and (viii) oil field equipment.

<sup>117</sup> FinCEN & BIS Joint Alert dated May 19, 2023, available [here](#).

<sup>118</sup> Press release of the US Department of Commerce dated June 28, 2022, available [here](#).

<sup>119</sup> Press release of the US Department of Commerce dated September 30, 2022, available [here](#).

<sup>120</sup> Press release of the US Department of Commerce dated December 8, 2022, available [here](#).

listed entities of all items subject to the EAR and prohibits the use of all license exceptions for such transactions.

### Oil Refining Sector

On March 2, 2022, BIS issued two rules targeting Russia's oil refining sector.

The first rule builds on existing restrictions put in place on the Russian deepwater oil and gas exploration and extraction industries in 2014 by imposing a policy of denial on such items and applying similarly stringent restrictions on a wide variety of items necessary for refining oil. The purpose of this new rule is to limit Russia's ability to raise revenue from the sale of refined products, including gasoline that it can use to support its military efforts.<sup>121</sup>

The second rule adds 91 new parties in 10 countries<sup>122</sup> to the Department of Commerce's Entity List based on their involvement in, contributions to, or other support of the Russian security services, military and defense sectors and military and/or defense research and development efforts.<sup>123</sup>

### Luxury Products

On March 11, 2022, following E.O. 14068, BIS issued restrictions on the export, reexport and transfer of US-origin luxury goods to persons and organizations within Russia and Belarus. These restrictions also apply to certain Russian and Belarusian oligarchs and malign actors located worldwide who have been placed on the SDN List. The rule provides a list of US-origin luxury goods that are covered, including certain spirits, tobacco products, clothing items, jewelry, vehicles and antique goods.<sup>124</sup>

On September 15, 2022, BIS added additional dollar-value exclusion thresholds for luxury goods to more closely align with requirements implemented by US allies.<sup>125</sup> Similarly, on February 24, 2023, BIS issued a new rule revising the EAR, including expanding the sanctions on luxury goods to better align them with the controls that have been implemented by US allies and partners.<sup>126</sup> The rule added 276 additional entries that will require a license for export or reexport to or transfers within Russia or Belarus and for designated Russian and Belarusian persons worldwide.

### Iranian UAVs

In response to investigations indicating that pieces of Iranian UAVs were found on the battlefield in Ukraine, in some cases with US-branded "parts" and

<sup>121</sup> 87 Fed. Reg. 12856 (Mar. 8, 2022).

<sup>122</sup> These entities are located in: Russia (81), United Kingdom (3), Estonia (3), Spain (2), Malta (2), Kazakhstan (1), Latvia (1), Belize (1), Singapore (1) and Slovakia.

<sup>123</sup> 87 Fed. Reg. 13048 (Mar. 8, 2022).

<sup>124</sup> 87 Fed. Reg. 14785 (Mar. 11, 2022).

<sup>125</sup> Press release of the US Department of Commerce dated September 15, 2022, *available* [here](#); 87 Fed. Reg. 57068 (Sept. 16, 2022).

<sup>126</sup> 88 Fed. Reg. 12175 (Feb. 27, 2023).

“components,” BIS issued a new rule on February 24, 2023 imposing new export control measures on Iran.<sup>127</sup>

The export control measures include:

- requiring licenses for a subset of generally low-technology (“EAR99”) items, including semiconductors that are destined for Iran, regardless of whether a US person is involved in the transaction;
- establishing a new list (Supplement No. 7 to part 746) identifying these EAR99 items by HTS-6 Code to allow BIS and other US government agencies to track and quantify these exports;
- creating a new “Iran FDP Rule” specific to Iran for items in certain categories of the Commerce Control List and EAR99 items identified in the new supplement; and
- revising the existing Russia/Belarus FDP rule to cover EAR99 items that have been found in UAVs containing parts and components branded as US or US-origin.

On May 19, 2023, BIS supplemented the Iran FDP Rule by expanding the list of items requiring a license for export or reexport to Iran to include a variety of electrical parts of machinery or apparatus not elsewhere specified or included in the EAR.<sup>128</sup>

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<sup>127</sup> 88 Fed. Reg. 12150 (Feb. 27, 2023).

<sup>128</sup> 88 Fed. Reg. 33422 (May 23, 2023).

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## EU SANCTIONS

Since February 23, 2022, the EU has introduced multiple tranches of sanctions in response to events in Ukraine, which will have a profound and wide-ranging impact on trade between Russia and the EU. These sanctions can be broadly categorized as follows:

- **Financial sanctions**
  - **Asset freezes and travel bans**—targeting prominent Russian businessmen, Russian banks and Russian state-owned institutions. The asset freeze regime has also targeted individuals in Belarus considered to be assisting Russia in its military actions in Ukraine.
  - **“Any Transaction” Prohibition**—a sanctions regime different from asset freeze, which targets certain Russian state-owned-entities and prohibits entering into any transactions with them.
  - **Financial sector sanctions**—including expanded capital market restrictions, restrictions preventing Russian persons from accessing certain financial services and credit rating services within the EU, restrictions cutting off certain banks from SWIFT, restrictions on physically taking euros into Russia and restrictions on dealing with the Russian Central Bank’s assets and reserves.
  - **Targeted investment restrictions**—including restrictions on public (*i.e.*, EU government) financing for trade or investment in Russia, restrictions on investing in companies operating in the Russian energy or mining sectors, and a restriction on investing, participating or contributing to projects that are co-financed by the Russian Direct Investment Fund.
- **Trade sanctions**
  - **Export restrictions**—for aircraft, oil refinery-related products and technology products (broadly covering advanced technology, including for micro-processors and other advanced systems), more comprehensive restrictions on dual-use goods and gold, and a very broad range of goods that can be used for industrial purposes within Russia.
  - **Import restrictions**—on a wide range of what are deemed to be revenue generating goods, ranging from Russian origin steel and coal to various other common export products.

- **Trade restrictions for non-government controlled areas of Ukraine**—EU imposed import and investment restrictions, as well restrictions on export of transport, telecom and energy goods and provision of certain services on Donetsk, Luhansk, Zaporizhzhia and Kerson regions of Ukraine that are not controlled by the government of Ukraine.
- **Oil price cap**—prohibiting maritime transport of Russia-origin oil and oil products to third countries, unless it falls under a certain price limit set by the EU, UK and US.
- **Transport restrictions**—Russian air carriers are cut off from operating with the EU.
- **Media restrictions**—prohibiting the broadcast of or contribution to the broadcast of a number of key Russian stations.
- **Professional Services Restrictions**—prohibiting EU persons from providing a range of services, from accounting and legal services to engineering and IT consultancy services.
- **Trust Services Restrictions**—prohibiting provision of services to trusts with Russian beneficiaries.

These restrictions have been complemented by unprecedented direct report requirements applicable to EU operators and a strong push from the EU Commission for EU Member States to increase enforcement activities in relation to these sanctions regimes.

## Financial Sanctions

The most significant new restrictions imposed by the EU consist of measures targeting Russian entities' and individuals' access to EU financial services. These include the expansion of the previously existing EU capital market restrictions and the introduction of a range of novel restrictions that work to cut Russia off from the European financial markets, and business with Europe more generally.

The impact of these restrictions is amplified though the EU issuing guidance which confirms that EU nationals working for a non-EU subsidiary of an EU company are personally bound by the sanctions and can therefore be held personally liable for participating in transactions that breach EU sanctions. Furthermore, decisions made by foreign subsidiaries that need to be cleared by their EU parent companies may also fall within the scope of EU sanctions.

### Asset Freezes and Travel Bans

The EU has imposed a number of asset freezes and travel bans, targeting prominent Russian businessmen, Russian banks, Russian state-owned institutes and Russian political figures. The asset freezes have also targeted persons in Belarus considered to be assisting in Russia's actions in Ukraine, persons in Iran supplying drones to Russia, and Russian persons allegedly involved in military and defense sector, as well as disinformation and propaganda. The EU also expanded the listing criteria for asset freeze designations to include those who facilitate circumvention of sanctions. On June 23, 2023,<sup>129</sup> this circumvention-based listing ground was extended to apply to persons and entities taking steps to significantly frustrate EU sanctions against Russia. The EU Council clarified that this designation ground aims to target third-country operators not bound by EU sanctions measures. Indicators of significant frustration could include (but are not limited to): (i) the main activity of a third country operator consisting of purchasing restricted goods in the EU that reach Russia; (ii) the recent creation of a company for purposes related to restricted goods reaching Russia; or (iii) a drastic increase in the turnover of a third-country operator involved in such activities.

In total, asset freezes and travel bans have been imposed on over 1,360 individuals and 190 entities since February 21, 2022. As of December 16, 2022, EU Member States reported EUR 18.9 billion of frozen assets located in their jurisdictions. The most prominent individuals and entities sanctioned by the EU include:<sup>130</sup>

Financial institutions	State-owned enterprises	Prominent business figures	Political figures
VEB	SOGAZ	Alisher Usmanov	Vladimir Putin
Bank Rossiya	RDIF	German Khan	Sergei Lavrov
PSB	United Shipbuilding Corporation	Igor Sechin	All members of the State Duma
Otkritie	PJSC United Aircraft Corporation	Roman Abramovich	Deputy Ministers
Sovcombank	FGUE Atomflot ("Atomflot")	Andrei Kostin	146 members of the Russian Federation Council
Novikombank		Mikhail Fridman	Members of the Russian National Security Council
VTB		Gennadiy Timchenko	
National Settlement Depository ("NSD")		Dmitry Mazepin	
Sberbank		Andrey Melnichenko	Senior military leaders
Credit Bank of Moscow		Oleg Deripaska	
JSC Far Eastern Bank ("Far Eastern		Petr Aven	

<sup>129</sup> Council Regulation (EU) 2023/1215 of 23 June 2023, available [here](#).

<sup>130</sup> For further information, see our Russian Billionaires Table at [Annex A](#).

Bank")		Herman Gref	
Alfa-Bank		Said Kerimov	
JSC Tinkoff Bank ("Tinkoff Bank")		Alexander Shulgin	
Rosbank		Alexey Mordashov	
Russian National Reinsurance Company		Victor Rashnikov	
		Alexei Kuzmichev	
		Andrei Skoch	
		Viatcheslav Kantor	
		Igor Kesaev	

On April 13, 2022, the EU amended its asset freeze regime. Asset freezes do not apply to funds or economic resources made available by organizations and agencies that are pillar-assessed by the Union and with which the Union has signed a financial framework partnership agreement for humanitarian purposes, provided that the provision of such funds or economic resources is necessary for exclusively humanitarian purposes in Ukraine. Furthermore, the relevant government bodies of Member States can now grant specific or general authorizations to release or make available funds or economic resources that are necessary for exclusively humanitarian purposes in Ukraine. An authorization will automatically be granted if a relevant government body does not respond to a request for such an authorization within five days of receipt by giving a negative decision, making a request for information or making a notification for additional time.

On July 21, 2022, the EU imposed an obligation for EU asset frozen persons to report their assets located in any Member State to the competent authority of that Member State within six weeks of the asset freeze being imposed. Where an asset freeze has already been imposed, the asset frozen person must report their assets before September 1, 2022. Failure to do so will be considered a circumvention of EU sanctions (which may, in turn, mean that the assets are confiscated if later identified by EU authorities). On February 25, 2023 EU introduced a new obligation to provide the following information to EU Member State authorities within two weeks of acquiring it: (i) information on the frozen funds or funds of an asset frozen persons which were not treated as frozen, and (ii) information on any assets belonging to an asset frozen person that were moved, transferred or altered two weeks before listing of the relevant person.

Furthermore, persons and entities must now report information they hold about asset frozen persons or entities, such as account information and amount of frozen assets, to the Member State in which they are located or resident.

On December 16, 2022, the EU introduced a new derogation to combat food insecurity. This allows Member States to unfreeze the assets of and to make funds and economic resources available to individuals playing a significant role in the international trade of agricultural and food products, including fertilizers and wheat.

Russian nationals have also been prohibited from holding any positions in the governing bodies of EU critical infrastructures and entities.

There is currently an on-going debate on whether the EU can utilize (and, in effect, expropriate) frozen assets for the benefit of Ukraine. In November 2022, the Commission presented different options to put frozen Russian assets towards compensation for Ukraine.<sup>131</sup> In light of the €19 billion of assets belonging to Russian oligarchs frozen by EU Member States and around €300 billion of Russian Central Bank reserves blocked in the EU and other G7 partners, the main proposal in the short term is to create a new structure to manage these frozen and immobilized public Russian assets, invest them and use the proceeds to rebuild Ukraine. In the long term, it is proposed that the EU will need to return Central Bank assets once sanctions are lifted and offset any returns against war reparations. The strategy is likely to focus more on the reserves of the Russian Central Bank (and not assets of the Russian billionaires) and will require developing an approach to compensation of investment losses.<sup>132</sup>

On June 23, 2023, the EU extended its licensing regime to include the following new license application grounds:

- A continued wind down of VTB's assets in Europe, which includes allowing disposal or transfer of securities through the NSD. The licensing ground applies to arrangements entered into before June 3, 2022 and expires on December 31, 2023;
- Conversion of depository receipts of Russian issuers into the underlying shares and sale of such shares through the NSD, provided that the depository receipts were issued before June 3, 2022, a license application is submitted by September 25, 2023, and the conversion happens by December 25, 2023; and
- Transactions necessary to wind down by August 31, 2023 joint ventures with Alexey Mordashov or entities owned or controlled by him, so long as such joint ventures were established in Russia before February 28, 2022.

Starting from June 23, 2023, the EU member state authorities may also authorize release of frozen funds belonging to a designated person or provision of services to a designated person, so long as this is strictly necessary to set up, certify or evaluate a

<sup>131</sup> See Press Release of the European Commission "Ukraine: Commission presents options to make sure that Russia pays for its crimes" (Nov. 30, 2022), available [here](#).

<sup>132</sup> Politico, "EU looks at investing frozen Russian state assets to raise cash for Ukraine" (March 24, 2023), available [here](#).



firewall. Under a “firewall,” the EU understands an arrangement that (i) removes the control of a designated person over the assets of a non-listed entity incorporated in the EU and (ii) ensures that no further funds or economic resources will accrue for the benefit of a designated person.

### The “Any Transaction” Prohibition on State-Owned Entities

All transactions with certain state-owned entities are now prohibited, unless they are strictly necessary for the purchase, import or transport of fossil fuels and certain metals and minerals, as well as natural gas and oil, including refined petroleum products. This includes transactions with legal persons, entities or bodies established outside the EU that are 50% or more owned by these state-owned entities. The relevant state-owned entities are:

- OPK Oboronprom
- United Aircraft Corporation
- Uralvagonzavod
- Rosneft
- Transneft
- Gazprom Neft
- Russian Regional Development Bank
- Almaz-Antey
- Kamaz
- Rostec (Russian Technologies State Corporation)JSC PO Sevmash
- Sovcomflot
- United Shipbuilding Corporation
- Russian Maritime Register of Shipping

These restrictions form a novel form of EU sanctions that go beyond a typical EU asset freeze, and in some ways are closer to the US blocking sanctions concept.

Furthermore, EU nationals are prohibited from holding any posts on the governing bodies of all Russian state-owned or controlled legal persons, entities or bodies.

### Financial Sector Sanctions

**Expansion of Capital Market Restrictions:** EU capital market restrictions have been in force since 2014, when they were first imposed on a number of Russian banks, military manufacturers and oil and gas companies (e.g., Sberbank, VTB, VEB, GazpromNeft and Transneft). Very broadly, these restrictions prevent persons subject to EU jurisdiction from dealing with transferable securities (including crypto assets) and money market instruments issued by targeted entities and offering new loans or credit to targeted entities.

The EU’s expansion of these restrictions applies in three main ways:

- The EU added a number of targets to its capital market restriction list, with restrictions applying to transferable securities and money market instruments issued after April 12, 2022. These now additionally target:

- banks deemed to be supporting the Russian government (Alfa Bank, Otkritie, Bank Rossiya and Promsvyazbank);
- state owned manufacturers (Almaz-Antey, Kamaz, Novorossiysk Commercial Sea Port, Rostec, Russian Railways, JSC PO Sevmash, Sovcomflot, United Shipbuilding Corporation and Russian Maritime Register of Shipping); and
- the Russian government and the Central Bank of the Russian Federation.
- The EU tightened the restrictions on entities previously targeted by EU capital market restrictions (e.g., by removing the minimum maturity period for affected transferable securities, money market instruments and loans).
- The EU also restricted the listing and provision of services of shares of a legal person, entity or body established in Russia and with over 50 % public ownership on EU trading venues from April 12, 2022.

**Financial Services Restrictions Targeting Russian Persons:** The EU has implemented unprecedented restrictions targeting all Russian nationals and residents, and Russian companies, entities and bodies (“Russian Persons”).

- There is a prohibition on the acceptance of deposits exceeding EUR 100,000 from Russian Persons, except for nationals of a Member State, the EEA or Switzerland, or natural persons having a temporary or permanent residence permit in a Member State, the EEA or Switzerland. Member State authorities may authorize the acceptance of certain types of deposits, for instance (i) deposits which are necessary for non-prohibited cross-border trade in goods and services between the EU and Russia; and (ii) deposits intended exclusively for the payment of fees or service charges for the routine holding or maintenance of frozen funds or economic resources.
- The EU also banned the provision of crypto-asset wallet, account or custody services to Russian Persons, regardless of the total value of those crypto-assets. The prohibition does not apply to nationals of a Member State, the EEA or Switzerland, or natural persons having a temporary or permanent residence permit in a Member State, the EEA or Switzerland. Similar authorizations from a Member State authorities, as for deposit restrictions above, are available for the crypto-assets related services.
- The holding of accounts of or provision of services for Russian Persons by the EU Central Securities Depositories is prohibited in relation to any transferable securities issued after April 12, 2022.
- Selling securities or units in collective investment undertakings and providing exposure to such investments denominated in Euro and all official currencies of

the EU Member States issued after April 12, 2022 to Russian Persons is prohibited. The prohibition does not apply to nationals of a Member State, the EEA or Switzerland, or natural persons having a temporary or permanent residence permit in a Member State, the EEA or Switzerland. **On June 23, 2023, this prohibition was expanded to transferable securities denominated in any other currency and issued after August 6, 2023.**

- Diplomats, other Russian officials and business people are no longer able to benefit from visa facilitation provisions.

As part of these changes, the EU has also expanded the anti-circumvention provisions to prevent non-Russian Persons acting as a substitute for a Russian Person for this purpose.

**Euro Cash Restrictions:** The sale, supply, transfer or export of banknotes denominated in Euro and all official currencies of EU Member States to Russian persons, including the government and the Central Bank of the Russian Federation, or for use in Russia, is prohibited. A small number of Member States authorizations are included, such as for diplomatic services.

**SWIFT Restrictions:** The EU cut off the following Russian banks from the international SWIFT messaging system:

- |                         |                               |
|-------------------------|-------------------------------|
| • Otkritie              | • Sovcombank                  |
| • Novikombank           | • VEB                         |
| • PSB                   | • VTB                         |
| • Bank Rossiya          | • Joint Stock Company Russian |
| • Sberbank              | Agricultural Bank (JSC        |
| • Credit Bank of Moscow | Rosselkhozbank)               |

**Restrictions on Dealing with the Central Bank of Russia for Currency Services:**

The EU has imposed a ban on transactions that relate to the management of reserves and assets of the Russian Central Bank, including transactions with any legal person, entity or body acting on its behalf such as the Russian National Wealth Fund.

**Restrictions on Credit Rating Services:** EU prohibited the provision of credit ratings and access to any subscription services related to credit rating activities to Russian nationals, residents and entities.

**Investment Restrictions**

A number of sanctions relating to investments have also been imposed, as follows:

- It is prohibited to invest, participate or otherwise contribute to projects co-financed by the Russian Direct Investment Fund.
- An authority may authorize, under certain conditions, an investment participation in or contribution to projects co-financed by the Russian Direct Investment Fund if it determines that it is due under contracts concluded before March 2, 2022.
- It is prohibited to provide public (i.e., EU governmental) financing or financial assistance for investment in or trade with Russia, with some limited exemptions (for example, for EU subsidiaries of Russian entities, or for agricultural trade).
- It is prohibited to invest in entities operating in the energy sector in Russia. An authority may authorize, under certain conditions, such an investment participation where it is deemed necessary for ensuring critical energy supply within the EU or transporting fossil fuels from or through Russia into the EU.
- It is prohibited to invest in entities operating in the Russian mining or quarrying sector, with the exception of mining and quarrying activities involving certain critical raw materials.
- It is prohibited to award or continue the execution of public contracts within the scope of the public procurement directive to or with a Russian person or entity; an entity more than 50% owned by a Russian person or entity; or to a person or entity acting on the behalf or at the direction of a Russian person or entity. An authority may authorize such an investment or participation for contracts related to nuclear power, space programs, strictly necessary goods and services, diplomacy, natural gas and oil and certain other metals and minerals. It is prohibited to provide direct or indirect support (including financing) under an EU, European Atomic Energy Community ("Euratom") or Member State

national program to any Russian entity that is over 50% publicly owned or controlled, subject to certain exemptions.

## Trade Sanctions

### Export Restrictions

EU implemented a number of sanctions restricting Russian access to EU goods and technologies, including the following groups of export restrictions:

- energy sector and oil refinery-related products;
- an expansion of the restrictions on dual-use goods and technology
- advanced technology
- aircraft
- goods that contribute to the enhancement of Russian industrial capacities; and
- luxury products

**Energy Sector and Oil Refinery-Related Products:** The EU has significantly strengthened restrictions on the provision of certain goods and technology that are suited to certain categories of exploration and production projects to any person or entity in Russia or for use in Russia, in both cases including its Exclusive Economic Zone and Continental Shelf. Since August 1, 2014, the EU has required exporters to have licenses before exporting these goods and technologies to Russian persons. The new requirements make it a prohibition to sell, supply, transfer and export these goods and technology except for narrow exemptions and prohibits provision of related financing or financial assistance. The energy related prohibition was later extended to also apply to goods and technology suited for oil refining and liquefaction of natural gas.

The EU also imposed a prohibition on the purchase, import or transfer, directly or indirectly, of coal and certain other solid fossil fuels into the EU if they originate in Russia or are exported from Russia.

On June 23, 2023,<sup>133</sup> the EU extended this restriction to cover the sale, licensing or transfer of intellectual property rights or trade secrets related to energy sector and oil refining goods to any person or entity in Russia or for use in Russia.

**Dual-Use Goods:** The sale, supply, transfer or export to Russia of dual-use goods and technology, including the provision of related technical services, brokering services, financing or financial assistance is now prohibited (with some exemptions).

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<sup>133</sup> Council Regulation (EU) 2023/1214 of 23 June 2023, available [here](#).

The EU prohibited transit through Russia of EU-exported dual use goods and technology to avoid circumvention.

On June 23, 2023, the EU extended this restriction to cover the sale, licensing or transfer of intellectual property rights or trade secrets related to dual-use goods and technology to any person or entity in Russia or for use in Russia.

**Advanced Technology and Maritime Technology:** In addition, the sale, supply, transfer or export to Russia of goods and technology that might contribute to Russia's military and technological enhancement, or the development of the defense and security sector (including semiconductors), including the provision of related technical services, brokering services, financing or financial assistance is also prohibited (with some exemptions).

The above prohibitions include, among other the following goods and technology:

- coal and coke of coal, chemicals and goods that can be used for capital punishment, torture or other inhumane treatment;
- electronics, specialized vehicles, machine parts and spare parts for trucks and jet engines, as well as goods for the construction sector that can be directed to Russia's military, such as antennas or cranes; and
- electronic components used in Russian weapons systems retrieved on the battlefield, such as drones, missiles and helicopters, as well as specific rare earth materials, electronic integrated circuits and thermal cameras.

There is also a ban on the sale and supply of maritime navigation goods and technology whether or not originating in the EU to any natural or legal person in Russia, for use in Russia, or for use on Russian-flagged vessels subject to a humanitarian exemption. This ban also applies to the provision of technical assistance, brokering services, provision, manufacture and maintenance of these goods, as well as financing the sale and supply of these goods or related services.

The sale, supply, transfer or export of civilian firearms and their components and ammunition, military vehicles and equipment, paramilitary equipment and spare parts is also prohibited.

On June 23, 2023, the EU prohibited transit via the territory of Russia of goods and technology which contribute to Russia's military and technological enhancement or to the development of its defence and security sector unless certain exemptions apply or licenses are obtained.

Further, EU extended this restriction to cover the sale, licensing or transfer of intellectual property rights or trade secrets related to military and security

enhancement goods and technology, maritime equipment and firearms, to any person or entity in Russia or for use in Russia.

Finally, a new licensing ground allows to request an authorization to deal with military and security enhancement goods intended for the exclusive use and under the full control of the authorizing Member State and in order to fulfil its maintenance obligations in areas which are under a long-term lease agreement between that Member State and the Russian Federation.

**Aircraft:** There are three restrictive measures currently in place in relation to aircraft and the aviation sector.

- prohibition on the sale, supply, transfer or export of goods and technology suited for use in the aviation and space industry, including the sale of all aircrafts, spare parts and equipment to Russian airlines, including aircraft and drone engines and their parts.
- prohibition on the provision of related technical and financial assistance, including the overhaul, repair, inspection, replacement, modification or defect rectification of an aircraft or component, with the exception of pre-flight inspection.
- prohibition on the provision of insurance and reinsurance, and maintenance services, related to those goods and technology.

On June 23, 2023, the EU extended this restriction to cover the sale, licensing or transfer of intellectual property rights or trade secrets related to aviation goods to any person or entity in Russia or for use in Russia.

The EU also prohibited the transit of aviation goods and technology through Russia, unless a license is obtained. This includes a new licensing ground that allows requesting an authorization to deal with aviation goods intended for the exclusive use and under the full control of the authorizing Member State and in order to fulfil its maintenance obligations in areas which are under a long-term lease agreement between that Member State and the Russian Federation.

**Goods That Enhance Russia's Industrial Capacity:** The EU has banned the sale, supply, transfer or export, directly or indirectly, of goods that could contribute to the enhancement of Russian industrial capacities to any person or entity in Russia or for use in Russia, including the provision of technical services, brokering services, financing or financial assistance in relation to the above. The restrictions cover such items as hydrogen, sulphates, nitrites, paints, film, asphalt, synthetic rubber, etc.

On June 23, 2023, the EU extended this restriction to include the sale, licensing or transfer of intellectual property rights or trade secrets related to these goods to any person or entity in Russia or for use in Russia.

In addition to the above trade restrictions, on June 23, 2023, the EU adopted a licensing ground allowing authorization of sale, supply, transfer, export or transit through Russia of dual-use, military enhancement, maritime goods and technology or goods and technology enhancing Russia's industrial capacities, or the provision of related technical assistance, brokering services or other services, financing or financial assistance, for the operation and maintenance of the Caspian Pipeline Consortium (CPC) pipelines and associated infrastructure. A license also may be obtained to provide auditing services, engineering services, legal advisory services, technical testing and analysis services for the operation and maintenance of the CPC pipelines and associated infrastructure.

**Luxury Products:** The sale, supply, transport or export of luxury products of a value greater than EUR 300 to any person or entity in Russia or for use in Russia is now prohibited, subject to certain diplomatic and consular exemptions. On June 23, 2023, the EU extended this restriction to include a prohibition on providing technical services, brokering services, financing or financial assistance, or other services in relation to the provision, manufacture, maintenance and use of luxury products. Furthermore, it is now also prohibited to sell, license or transfer intellectual property rights or trade secrets related to luxury goods to any person or entity in Russia or for use in Russia.

On June 23, 2023, the EU imposed a prohibition to sell, supply, transfer or export, directly or indirectly, listed sensitive goods and technology to any natural or legal person, entity or body in one of the specifically determined third countries, as well as a prohibition to provide technical assistance, brokering services or other services, financing or financial assistance, or transfer intellectual property or trade secrets in respect of such goods or technology. The EU promised to impose these sanctions on third countries which systematically and persistently failed to prevent the sale, supply, transfer or export to Russia of such sensitive goods and technology. The EU has not yet identified any third countries or goods and technology as the target of these restrictions.

#### Import Restrictions

EU implemented a number of sanctions restricting Russia's ability to receive revenues from selling goods produced or extracted in Russia to the EU, including the following groups of import restrictions:

- iron and steel products
- goods that generate significant revenues for Russia



- coal or other fossil fuels
- oil and petroleum products; and
- gold

**Import of Iron and Steel Products and Coal:** The EU prohibited the import and transport of iron and steel products, coal and other fossil fuels that originate in Russia or have been exported from Russia, as well as the purchase of iron and steel products that are located or originate in Russia. This includes a ban on providing related technical assistance, brokering services, financing or financial assistance.

**Goods That Generate Significant Revenues for Russia:** The EU banned the purchase, import and transfer, directly or indirectly, of goods that generate significant revenues for Russia and originate in Russia or are exported from Russia. This includes a ban on providing related technical assistance, brokering services, financing or financial assistance.

**Oil and Petroleum Products:** The EU has imposed a prohibition on the import or transfer, directly or indirectly, of crude oil or petroleum products if they originate in Russia or are exported from Russia. This includes a prohibition on an EU Member State selling crude oil delivered by pipeline from Russia to Member States or third parties. Importantly, EU Commission guidance has clarified that this general prohibition only applies when the relevant crude oil or petroleum is being imported into, or is destined for, the EU.

The ban applies from December 5, 2022 to one-off transactions for near-term delivery, concluded and executed before that date, or to the execution of contracts for the purchase, import or transfer of crude oil-related goods concluded before June 4, 2022, provided the relevant national competent authority has been notified. The ban applies from February 5, 2023 for similar transactions for petroleum-related products on the same terms.

The ban does not apply to seaborne crude oil and petroleum products, provided that they originate from outside Russia, are not owned by a Russian person and are only loaded in or transported through Russia. Further, the ban does not apply to crude oil that is delivered by pipeline from Russia to Member States.

The ban contains provisions to allow seaborne crude oil from Russia to be imported if the supply of crude oil by pipeline from Russia to a landlocked Member State is interrupted for reasons outside the control of that state, until the supply is resumed or crude oil delivered by pipeline is sanctioned. The oil exploration ban, ban on energy sector investments, ban on port access, ban on road transport and the public concession contract ban were also all amended to specify that they do not apply to crude oil or petroleum products already prohibited by this new ban.

**Gold:** The EU imposed a ban on imports of gold if it originates in Russia and it has been exported from Russia into the EU or to any third country after July 22, 2022. This includes a prohibition on importing certain gold products processed in third countries if the gold used was exported from Russia after July 22, 2022. There are exemptions for gold necessary for official diplomatic missions or personal use. This prohibition also includes a ban on providing related technical assistance, brokering services, financing or financial assistance.

#### **Non-Government Controlled Areas of Ukraine**

The EU has imposed trade restrictions on the DPR, LPR, Zaporizhzhia and Kherson regions of Ukraine. These restrictions broadly mirror the wide-ranging trade sanctions that affect the Crimea and Sevastopol and consist of:

- import bans on goods from these territories, including a prohibition on ancillary services such as insurance for such imports;
- investment restrictions relating to this region;
- restrictions on the provision of certain listed transport, telecommunications, energy and oil and gas related goods, and any associated technical or financial services;
- a ban on certain services for the construction and engineering services industries in the region; and
- a prohibition on providing service directly related to tourism in this region.

#### **Oil Price Cap**

EU sanctions prohibit maritime transport and related technical assistance, brokering services or financial assistance for maritime transport of Russian crude oil (as of December 5, 2022) or Russian petroleum products (as of February 5, 2023) (the “EU Third Country Shipment Restriction”) to third countries or between third countries.

The EU introduced a “price cap derogation” allowing the provision of Russian crude oil or petroleum products otherwise restricted under the EU Third Country Shipment Restriction if these are purchased at or below the G7 pre-established price cap.

From December 5, 2022, the EU capped the price of crude oil, petroleum oils and oils obtained from bituminous minerals that originate in or are exported from Russia at USD\$60 per barrel.<sup>134</sup> From February 5, 2023 the EU capped the price of petroleum

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<sup>134</sup> See Commission Consolidated FAQs on the Implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014, Oil Price Cap Guidance, available [here](#). Press Release of the Council of the EU “Russian oil: EU agrees on level of price cap” (Dec. 3, 2022), available [here](#); Press Release of the Council of the EU “EU agrees on level of price caps for Russian petroleum products” (Feb. 4, 2023),

products traded at a discount to crude oil at USD\$45 per barrel and the price of petroleum products traded at a premium to crude oil at USD\$100 per barrel. As described above, crude oil or petroleum products that originate in or are exported from Russia and are purchased at or below the agreed price cap are exempted from prohibitions in place. The functioning of the price cap mechanism will be reviewed every two months to respond to developments in the market, and the price cap will be set at least 5% below the average market price for Russian oil and petroleum products, calculated on the basis of data provided by the International Energy Agency.

The EU Oil Price Cap determines three “tiers” of actors in the oil supply chain depending on whether they routinely know the price paid in their ordinary course of business and their role in the oil supply transactions. The three “tiers” have different scope of price attestation, due diligence and reporting requirements in accordance with the EU Oil Price Cap.

The Council also introduced an emergency clause allowing the transport of oil and petroleum products beyond the price cap or the provision of technical assistance, brokering services or financing or financial assistance related to the transport, when these are necessary for the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment, or as a response to natural disasters. A further exemption covers trading in Russian-origin oil and petroleum products that originate in a third country and are only being loaded in, departing from or transiting through Russia, provided that both the origin and the owner of those goods are non-Russian.

### **Transport Restrictions**

The EU imposed a ban on Russian air carriers and non-Russian aircrafts owned, chartered or otherwise controlled by any Russian entity or individual from landing, taking off or flying over EU territory.

Starting from June 24, 2023, the EU will stop providing access to ports and locks in the territory of the EU by any vessel (i) performing ship-to-ship transfers in violation of the oil import restrictions and oil price cap or (ii) illegally interfering with, switching off or otherwise disabling its shipborne automatic identification system at any point of the voyage.

The EU also imposed a ban on Russian vessels accessing EU ports and locks, subject to certain exemptions. This includes a ban on vessels that changed their flag or registration from Russia to another nation after February 24, 2022.

Road transport undertakings established in Russia are prohibited from transporting goods by road within the EU (except between Kaliningrad and Russia), except for mail transport, and certain other exemptions. **On June 23, 2023, this restriction was extended to apply to trailers or semi-trailers registered in Russia, including where those trailers or semi-trailers are hauled by trucks registered in other countries.**

The EU banned the direct or indirect provision of technical assistance, brokering services or financing or financial assistance related to the transport (including through ship-to-ship transfers) to third countries of crude oil or petroleum products that originate in Russia or that have been exported from Russia. The prohibition does not apply to the transport of crude oil or petroleum products that originate from a third country and are only being loaded in, departing from or transiting through Russia, provided that both the origin and the owner of those goods are non-Russian.

#### Media Restrictions

The EU imposed specific Russia-related restrictions related to broadcasting. Specifically, it is prohibited for operators to broadcast or to enable, facilitate or otherwise contribute to the broadcasting of any content by the listed legal persons, entities or bodies, including through transmission or distribution by any means such as cable, satellite, IP-TV, internet service providers, internet video-sharing platforms or applications, whether new or pre-installed. It is also prohibited to advertise products or services in any content produced or broadcast by the media outlets listed below. In addition, any broadcasting license or authorization, transmission and distribution arrangement with the following entities must be suspended:

- RT–Russia Today English
- RT–Russia Today France
- RT–Russia Today UK
- RT–Russia Today Spanish
- RT–Russia Today Germany
- Sputnik
- RT–Arabic
- Sputnik Arabic
- NTV/NTV Mir
- REN TV
- Rossiya 1
- First Channel
- RT Balkan
- Oriental Review
- Tsargrad
- New Eastern Outlook
- Katehon

### Services Restrictions

The EU imposed a prohibition on directly or indirectly providing the following services to the government of Russia or to legal persons, entities or bodies established in Russia:

- accounting, auditing, book-keeping or tax consulting services
- business and management consulting or public relations services
- architectural and engineering services
- IT consultancy services
- legal advisory services
- advertising, market research and public opinion polling services
- technical testing and analysis services

The ban does not apply to the provision of services that are (i) strictly necessary for the exercise of the right of defense in judicial proceedings and the right to an effective legal remedy, or (ii) intended for the exclusive use of legal persons, entities or bodies established in Russia that are owned by, or solely or jointly controlled by a person from the EU, EEA, Switzerland or one of the “partner countries” (i.e., US, Japan, UK, Australia, Canada, New Zealand, Norway, South Korea and Switzerland). National competent authorities may make exceptions where these services are necessary for humanitarian purposes or for civil society activities that directly promote democracy, human rights or the rule of law in Russia.

### Trusts-Related Services

The EU prohibited the registering, providing a registered office, business or administrative address and providing management services to a trust or similar legal arrangement: where the trustor or beneficiary is a Russian national, resident or entity or is more than 50% owned by a Russian national, resident or entity; or where the entity or person is acting under the control or at the direction of a Russian national, resident or entity. This prohibition includes a prohibition to act as, or arrange for another person to act as, a trustee, nominee shareholder, director, secretary or a similar position, for a trust or similar legal arrangement.

National competent authorities may authorize a person to act as a trustee nominee, shareholder, director or secretary for a trust or similar legal arrangement provided that the service provider does not accept or make available any funds or economic resources or otherwise provide benefits from assets placed in a trust, to those the ban applies to. If Member States grant such an authorization they must notify the EU Commission of it.

On June 23, 2023, the EU also expanded the notification requirements for trade sanctions. EU Member States now need to inform other EU Member States about denial of authorizations. If any Member State faces a request for license for an essentially identical transaction, it has to consult with a Member State that issued the original denial. A divergent decision on such authorization should be explained in detail to other EU Member States. Further, any EU natural or legal persons shall supply any information which would facilitate the implementation of the relevant sanctions to the competent authority of the Member State where they are resident or located within two weeks of acquiring this information. Such person also is required to cooperate with the competent authority in any verification of the provided information.

### **Extension of Belarusian Sanctions**

The EU has also imposed further sanctions on Belarus in connection with Belarus' apparent collaboration with Russia in relation to Russia's actions in Ukraine:

- 34 Belarusian individuals (related to the Belarus government, propaganda and military) have been added to the asset freeze list.
- Further restrictions related to the trade of goods used for the production or manufacturing of tobacco products, mineral fuels, bituminous substances and gaseous hydrocarbon products, potassium chloride products, wood products, cement products, iron and steel products and rubber products have been introduced.
- Restrictions on the export of dual-use goods and technology and on the provision of related services, as well as restrictions on exports of certain goods and technology that might contribute to Belarus's military, technological, defense and security development, together with restrictions on the provision of related services, have also been introduced.
- Restrictions on transactions related to the management of reserves as well as of assets of the Central Bank of Belarus, including transactions with legal persons or entities acting on behalf of or at the direction of the Central Bank.
- Restrictions on the listing and provision of services on EU trading venues for the transferable securities of any legal person, entity or body established in Belarus and with over 50% public ownership. This ban applies from April 12, 2022.
- Restrictions on the provision of public financing or financial assistance for trade with, or investment in, Belarus, unless:
  - it is a result of a binding financing commitment established prior to March 10, 2022;

- it is of a value not exceeding €10,000,000 and benefiting SMEs established in the EU; or
- it is for trade in food, and for agricultural, medical or humanitarian purposes.
- Restrictions on accepting deposits over €100,000 from Belarusian nationals or residents, or legal persons or entities established in Belarus. This ban does not apply to:
  - EU, EEA or Swiss nationals, or to any person with a temporary or permanent residence permit in the EU, EEA or Switzerland;
  - deposits that are necessary for non-prohibited cross-border trade between the EU and Belarus;
  - deposits that have been authorized by the competent authorities where it is:
    - necessary to satisfy basic needs of dependent family members, e.g., payments for food, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges;
    - intended exclusively for the payment of reasonable professional fees or the reimbursement of incurred expenses associated with the provision of legal services;
    - necessary for extraordinary expenses, provided that notice requirements have been met;
    - necessary for official purposes of a diplomatic mission or consular post or international organization;
    - necessary for humanitarian purposes, such as delivering or facilitating the delivery of assistance, including medical supplies, food, or the transfer of humanitarian workers and related assistance or for evacuations; or
    - necessary for civil society activities that directly promote democracy, human rights or the rule of law in Belarus.
- Restrictions on EU central securities depositories to provide certain core and ancillary services for transferable securities issued after April 12, 2022 to Belarusian nationals or residents, or any legal person or entity established in Belarus. This ban does not apply to EU nationals or any person with a temporary or permanent residence permit in the EU.

- A requirement for credit institutions to supply national competent authorities or the Commission with a list of deposits exceeding €100,000 held by a Belarusian national or resident, or a legal person or entity established in Belarus. Updates to this list must be provided every 12 months.
- A requirement for credit institutions to supply national competent authorities or the Commission with a list of deposits exceeding €100,000 held by a Belarusian national or resident who has acquired EU citizenship or residence rights through an investor citizenship scheme or an investor residence scheme.
- Restrictions on the sale, supply, transfer or export of banknotes denominated in Euro and any official currencies of the EU Member States to Belarus or to any natural or legal person, entity or body in Belarus, including the government and the Central Bank of Belarus, or for use in Belarus. This ban does not apply where such a sale, supply, transfer or export of banknotes is necessary for:
  - personal use of individuals travelling to Belarus or members of their immediate families travelling with them; or
  - the official purposes of diplomatic missions, consular posts or international organizations in Belarus enjoying immunities in accordance with international law.
- Restrictions on the provision of specialized financial messaging services used to exchange financial data (SWIFT) to Belagroprombank, Bank Dabrabyt, Development Bank of the Republic of Belarus and Belinvestbank (Belarusian Bank for Development and Reconstruction) or to entities established in Belarus whose proprietary rights are more than 50% owned by these entities.
- Prohibition on road transport undertakings established in Belarus transporting goods by road within the EU, except for mail transport, and certain other exemptions.

On January 30, 2023, the EU imposed sanctions against Iran Aircraft Manufacturing Industries Corporation for its alleged involvement in the development and delivery of UAVs to Russia. This provides an interesting illustration of how the EU is willing to start targeting non-Russian entities under the same regime where the entities are involved with supporting Russian military activities.

## **EU Guidance**

For the first time, the EU's sanctions packages against Russia have been accompanied by extensive FAQs, which are updated on a regular basis and have at



least touched on every aspect of this sanctions regime.<sup>135</sup> Many of the answers provided by the EU in this document will likely apply equally to all other EU sanctions regimes, making this an invaluable source for interpreting EU sanctions restrictions more broadly.

The EU has also published a number of additional guidance documents that, although not forming part of the Russia FAQs, set out important clarification on the intended application of the Russia sanctions:

- **Global Advisory on Russia Sanctions Evasion of the Multilateral REPO Task Force:** describes the types of Russian sanctions evasion techniques, such as transfer of beneficial ownership to family members and close associates, purchase of real estate to hold value, use of complex ownership structures helping to avoid identification or use of third-party jurisdictions and false trade information to get access to prohibited goods.<sup>136</sup>
- **Guidance on Firewalls for Agricultural and Food Trades:** describes the ring-fencing “safeguards” that non-designated EU entities may implement while trading in agricultural and food products to prevent a designated person from exercising control over such entities. The Guidance encourages EU Member States to implement a system of cross-border recognition of firewalls.<sup>137</sup>
- The EU has historically published a number of EU Commission Opinions on various sanctions topics, which continue to include important guidance on concepts like the EU’s interpretation of the “ownership and control” test.

## Enforcement

The enforcement provision of the Russia and Belarus sanctions has been strengthened to require Member States to impose criminal penalties where appropriate and provide measures for confiscation of the proceeds of a sanctions infringement.

On November 28, 2022, the EU Council unanimously adopted a decision to add the violation of restrictive measures to the list of EU crimes included in Article 83(1) of the Treaty on the Functioning of the European Union (“TFEU”).<sup>138</sup> This allows the

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<sup>135</sup> Commission Consolidated FAQs on the Implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014, available [here](#).

<sup>136</sup> Global Advisory on Russia Sanctions Evasion Issued Jointly by the Multilateral REPO Task Force (March 9, 2023), available [here](#).

<sup>137</sup> Guidance Note – Ensuring food security through the implementation of firewalls in cases of EU entities trading in agricultural and food products and controlled by a designated person or entity (May 3, 2023), available [here](#).

<sup>138</sup> See Press Release from the Council of the EU “Sanctions: Council adds the violation of restrictive measures to the list of EU crimes” (Nov. 28, 2022), available [here](#).

EU to set out rules concerning the definition of a criminal breach of sanctions and the minimum penalties imposed for such a breach.

Following on from this, on December 2, 2022, the European Commission proposed a Directive<sup>139</sup> on the criminalization of sanctions violations. The next step is for the Directive to undergo a review by the European Parliament and Council per the ordinary co-legislative procedure. On June 9, 2023 the Council settled on its negotiation position and presented a revised version of the draft Directive.<sup>140</sup> On July 7, 2023 the Civil Liberties Committee of the European Parliament prepared a report on the draft Directive for further consideration by the European Parliament.<sup>141</sup> The next phase of the process will involve the different EU legislative and executive bodies agreeing on a final version of the Directive.

As currently drafted, the Directive:

- defines the criminal offenses related to the violation of EU sanctions;
- standardizes the penalties for those found guilty of a defined criminal offense;
- safeguards lawyers through professional secrecy by removing any obligation to report information obtained in connection with judicial, administrative or arbitral proceedings; and
- designates concealed funds or economic resources obtained through circumvention as proceeds of crime.

Starting from February 24, 2023 the EU applies expanded enforcement and anti-circumvention measures including:

- more detailed reporting obligations on funds and economic resources belonging to listed individuals and entities that have been frozen or were subject to any move shortly before the listing;
- reporting obligations to the Member States and to the Commission on immobilized reserves and assets of the Central Bank of Russia; and

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<sup>139</sup> See Proposal for a Directive on the definition of criminal offences and penalties for the violation of Union restrictive measures (Dec. 2, 2022), available [here](#); Press Release from the European Commission “Ukraine: Commission proposes to criminalize the violation of EU sanctions” (Dec. 2, 2022), available [here](#); and Q&As from the European Commission “Commission proposes to criminalize evasion of EU sanctions” (Dec. 2, 2022), available [here](#).

<sup>140</sup> See Press Release from the Council “EU sanctions: Council finalises position on law that aligns penalties for violations” (June 9, 2023), available [here](#).

<sup>141</sup> See REPORT on the proposal for a directive of the European Parliament and of the Council on the definition of criminal offences and penalties for the violation of Union restrictive measures (July 7, 2023), available [here](#).

- an obligation for aircraft operators to notify non-scheduled flights to their national competent authorities.

On February 23, 2023 EU Member States together with the U.S, the UK, Japan, Canada, Australia, New Zealand, Norway, Switzerland and Ukraine held the first Sanctions Coordinators Forum to strengthen the EU sanctions enforcement efforts. This first meeting focused on:

- facilitating international cooperation to ensure that sanctions are implemented fully and effectively;
- how to further enhance the close partnership with the Government of Ukraine;
- data needed to measure the impact of measures and how this is approached across different jurisdictions; and
- analysis of circumvention patterns and routes and potential solutions.<sup>142</sup>

Agendas and objectives for further meetings have yet to be announced.

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<sup>142</sup> See Statement from the Directorate-General for Financial Stability, Financial Services and Capital Markets Union “EU Sanctions Envoy David O’Sullivan on the first Sanctions Coordinators Forum” (Feb. 23, 2023), available [here](#).

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## UK SANCTIONS

The UK has introduced a number of Russian sanctions that broadly fall into the following categories. While these restrictions are, in some ways, similar to the EU restrictions, there are a number of significant differences.

- **Financial Sanctions**

- **Asset Freezes**—an expansion of the previous asset freeze list to include a number of prominent Russian businessmen, Russian politicians and Russian banks.
- **Financial Sector Restrictions**—including expanded capital market restrictions to all Russian persons and restrictions on dealing with Russian sovereign debt. The UK has also imposed correspondent banking restrictions, restrictions on transactions with the Central Bank of the Russian Federation and the Russian government.
- **Broad Investment Restrictions**—including a prohibition on directly acquiring any ownership or control in an entity connected with Russia.
- **Trust Services Restrictions**—prohibiting the provision of ongoing or new trust services to or for the benefit of a designated person or a person connected with Russia.

- **Trade Sanctions**

- **Export Restrictions**—for aircraft and technology products (broadly covering advanced technology, including for micro-processors and other advanced systems) and more comprehensive restrictions on dual-use goods, as well as coal, oil and gold, goods that can generate significant revenue for Russia.
- **Import Restrictions**—targeting iron and steel, coal, oil, oil products and LNG, revenue-generating goods and gold.
- **Trade Restrictions for Non-Government Controlled Territories of Ukraine**—the UK imposed import and investment restrictions, as well restrictions on export of infrastructure-related goods and provision of certain services on regions of Ukraine that are not controlled by the government of Ukraine.

- **Oil Price Cap**—prohibiting maritime transport of Russian-origin oil and oil products to third countries, unless it falls under a certain price limit set by the EU, UK and US.
- **Transport Restrictions**—including aviation restrictions and restrictions on Russian vessels entering UK ports.
- **Internet Services Restrictions**—including new obligations for social media, internet access and application store providers.
- **Professional Services Sanctions**—consisting of restrictions on UK persons providing a wide range of professional services to persons based in Russia and Russian companies.

## Financial Restrictions

The most significant new restrictions imposed by the UK consist of measures targeting Russian entities' and individuals' access to UK financial services. These include the expansion of the previously existing UK capital market restrictions on all Russian persons and the introduction of a range of novel restrictions that limit access of Russian persons to investments from the UK.

Importantly, the UK applies a strict liability standard to sanctions violations which in practice means that a UK person may be held liable even in the absence of knowledge or reasonable cause to suspect the breach.

## Asset Freezes

The UK has imposed asset freezes on various entities and individuals under the expanded asset freeze designation criteria, which were introduced on February 10, 2022, as discussed in the previous version of our Client Update. These criteria were later expanded to allow designations on the basis of descriptions, rather than just by name.

Asset freezes and travel bans have been imposed on over 1,400 individuals and 180 entities since February 22, 2022. OFSI clarified that it will not aggregate different designated persons' holdings in a company when assessing ownership or control, unless the holdings are subject to a joint arrangement between the designated parties or one party controls the rights of the other. Please note that asset freezes can extend to entities owned or controlled by a sanctioned individual. The most prominent individuals and entities sanctioned by the UK include:<sup>143</sup>

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<sup>143</sup> For further information, see our Russian Billionaires Table at Annex A.

Banks and Investment Firms	State-Owned and Privately-Owned Enterprises	Prominent Business Figures	Political Figures
Alfa-Bank	Rostec	Alisher Usmanov	Vladimir Putin
Gazprombank	United Aircraft Corporation	German Khan	Sergei Lavrov
VTB	Tactical Missiles Corporation	Igor Sechin	400 members of the State Duma
VEB	UralVagonZavod	Roman Abramovich	Members of the Russian Federation Council
Otkritie	United Shipbuilding Corporation	Andrei Kostin	Senior military leaders
Sovcombank	SOGAZ	Mikhail Fridman	Members of the Russian Security Council
Sberbank	RDIF	Herman Gref	Elvira Nabiullina
Bank Saint Petersburg	PJSC Aeroflot	Dmitry Mazepin	
Bank Uralsib	PJSC Rushydro	Andrey Melnichenko	
Bank Zenit	Rostec	Petr Aven	
MTS Bank	Entities controlled by Rosatom	Leonid Mikhelson	
Credit Bank of Moscow	PJSC Severstal	Vladimir Potanin	
PSB, UBRD	PJSC Polyus	Vladimir Yevtushenkov and his family members	
Bank Rossiya	PJSC Magnitogorsk Iron and Steel Works	Igor Altushkin	
JSC Russian Argicultural Bank (“Rosselkhozbank”)	USM Holdings Limited		
SMP Bank			
Moscow Industrial Bank			
PJSC AFK Sistema			
JSC Dom RF			
Tinkoff Bank			
Rosbank			
JSC Russian Regional Development Bank (“RRDB”)			
Metallinvest Bank			

UK asset freeze sanctions also targeted Russian officials who have promoted and enforced the conscription and mobilization of citizens and criminal mercenaries to fight in Russia's war in Ukraine, senior Russian commanders and persons, including Iranian officials and entities, alleged to be involved in the production or supply of military equipment, such as drones, to the Russian government.

#### **Financial Sector Restrictions**

**Expanded Capital Markets Restrictions:** The updated UK sanctions regime expands the UK capital market restrictions to all "*persons connected with Russia*," but only in relation to shares and transferable securities issued on or after March 1, 2022. Secondary trading of Russian transferable securities and money market instruments issued before this date is thus still permitted.

The restrictions also cover the provision of new loans to Russian connected persons after March 1, 2022 (other than individuals). The loan restrictions were later expanded to cover a broader range of non-Russian entities ultimately owned by persons connected with Russia.

"*Persons connected with Russia*" means persons ordinarily resident in Russia, persons who are physically located in Russia and Russian entities. These capital market restrictions also apply to entities more than 50% owned by a person connected to Russia, though there is a general exemption for persons who were not, as of March 1, 2022, domiciled in Russia or owned by entities or persons based outside of Russia. In practice, this means that any entities owned by an individual in Russia will also be subject to these UK capital market restrictions.

The exemption for UK-incorporated subsidiaries of entities targeted by the original UK capital market restrictions (e.g., Sberbank and VTB) has been removed. The UK has also removed the "non-restricted trade" exemption for loans made to any persons subject to UK capital market restrictions.

**Other Financial Sector Restrictions:** The UK imposed the following other Russia-related financial sector sanctions:

- restrictions on correspondent banking relationships and processing of sterling payments on all designated persons or a credit or financial institution that is owned or controlled directly or indirectly by a designated person;
- restrictions prohibiting provision of financial services for the purpose of foreign exchange reserve and asset management to the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation and the Ministry of Finance of the Russian Federation;
- prohibitions on exporting banknotes denominated in sterling or any official currencies of the EU Member States to or for use in Russia; and

- suspension of the Bank of England's legislative duty to make a decision in relation to a notification of third-country resolution action in respect of a designated person or entities owned or controlled by a designated person.

### **Investment Restrictions**

The UK also imposed a prohibition on all new UK outward investment into Russia, which include the following activities (partially overlapping with the capital market restrictions):

- Directly acquiring any ownership interest in land located in Russia.
- Indirectly acquiring any ownership interest in land located in Russia for the purpose of making funds or economic resources available directly or indirectly to a person connected with Russia.
- Directly acquiring any ownership or control in an entity connected with Russia. An entity connected with Russia means one that is established or constituted under the laws of, or domiciled in, Russia.
- Indirectly acquiring any ownership or control in an entity connected with Russia for the purpose of making funds or economic resources available directly or indirectly to a person connected with Russia, or for the benefit of a person connected with Russia.
- Directly or indirectly acquiring any ownership or control in an entity, other than a person connected with Russia, for the purpose of making funds or economic resources available directly or indirectly to a person connected with Russia, or for the benefit of a person connected with Russia.
- Directly or indirectly establishing any joint venture with a person connected with Russia.
- Opening a representative office or establishing a branch or subsidiary in Russia.
- Providing investment services related to any of the above activities.

There are three key exemptions to the Russian investment prohibition. These are:

- A grandfathering provision allowing contractual obligations to be concluded if those obligations arose before July 19, 2022. This exemption includes a reporting obligation to notify HM Treasury no later than five working days before the activity is carried out.



- Secondary trading of transferable securities issued by Russian companies is permitted where the relevant shares are already listed on a recognized regulated market.
- The third exemption applies to freely tradeable shares issued by non-Russian entities, unless they were issued for the purpose of making funds or economic resources available directly or indirectly to a person connected with Russia, or for the benefit of a person connected with Russia.

### Trust Related Services

New Regulations were introduced to prohibit the provision of ongoing or new trust services to or for the benefit of a designated person or a person connected with Russia. The trust services ban exempts provision of trust services to or for the benefit of a person connected with Russia pursuant to an ongoing arrangement under which the services were provided immediately before December 16, 2022.

The trust services restrictions extends not only to beneficiaries of trusts, but also to potential beneficiaries under trust documents and persons who are not beneficiaries on paper, but are reasonably expected to obtain or be able to obtain a significant financial benefit from such trust or similar arrangement.

### Trade Sanctions

#### Export Restrictions

The UK imposed a number of sanctions restricting Russian access to UK goods and technologies, including the following groups of export restrictions:

- critical industry quantum computing and advanced materials goods and technology
- dual-use, military, defense and security goods and technology
- oil, gas and refining related goods and technology
- aviation and maritime goods and technology
- G7 dependency and Russia's vulnerable goods and technology; and
- luxury goods

**Critical Industry, Dual-Use, Defense and Security Goods and Technology:** As compared to EU sanctions, the UK dual use and critical industry trade restrictions generally mirror the EU's trade restrictions on dual-use goods and advanced technology goods, such as manufacturing equipment for microprocessors. In addition to it, the UK prohibited the export of certain restricted military goods and

technology to or for use in non-government controlled Ukrainian territory with a few exceptions, including for non-military use for a non-military end user and humanitarian assistance; this includes making these goods available to a person connected with or for use in non-government controlled Ukrainian territory. On April 20, 2023 the UK significantly expanded the list of the critical-industry goods and technologies, adding such items as rare earth metals and compounds and continuous flow reactors. The UK has also expanded the list of defense and security goods, adding various irritating chemical substances and mixtures.

**Oil, Gas and Refining-Related Goods and Technology:** The UK also prohibited export of oil, gas and refining related goods and technology to or for use in Russia. This includes a prohibition on supplying such goods and technology from a third country to Russia and making them available to a person connected with Russia. The prohibition also applies to the provision of related technical assistance, financial services, funds and brokering services related to these goods.

**Aviation and Maritime Goods and Technology:** UK trade restrictions cover aircraft, including providing associated technical assistance, financial services and broking services. However, there is an exemption for aircraft flying out of the UK on regular scheduled services, which appears to be intended for future use for civilian passenger aircraft to be able to fly out of the UK to Russia and not be restricted as an export. The UK has also restricted Russian aircraft from entering UK airspace. Further, the UK prohibited providing technical assistance relating to aircraft and ships to a designated person, subject to certain safety exemptions. Finally, the UK prohibited the export of jet fuel and fuel additives to, or for use in, Russia. However, UK aviation-related restrictions do not include the broad EU-equivalent of ancillary overhaul inspection or parts replacement, which were sanctioned by the EU.

The UK also prohibited the export of maritime goods and technology for the placing on board of Russian-flagged vessels.

**G7 Dependency and Russia's Vulnerable Goods:** The UK prohibited the export of "G7 dependency and further goods" and "Russia's vulnerable goods" to or for use in Russia, as well as supply or delivery of such items from a third country to a place in Russia or to a person connected with Russia. These goods include a wide range of items and are listed in Schedules 3E and 3I of the Russia (Sanctions) (EU Exit) Regulations 2019. The prohibition also applies to the provision of related technical assistance, financial services, funds and brokering services related to these goods. On April 20, 2023 the list of "G7 dependency and further goods" was further expanded to add certain iron and steel products, coal, coke and semi coke of coal, peat, glass, certain motors, engines, machinery and pumps. The UK also expanded the list of "Russia's vulnerable goods", adding a wide range of machinery, containers and electronics.

**Luxury Goods:** The UK has also prohibited export of luxury goods to Russia or for use in Russia. This includes a prohibition on supplying luxury goods from a third country to Russia and making luxury goods available to a person connected with Russia.

#### **Import Restrictions**

The UK implemented a number of sanctions restricting Russia's ability to receive revenues from selling goods produced or extracted in Russia to the UK, including the following groups of import restrictions:

- goods and technology that generate significant revenues for Russia;
- iron and steel;
- coal and other fossil fuels;
- crude oil and oil products, liquified natural gas; and
- gold

**Revenue Generating Goods:** The UK prohibited the import of revenue generating goods that originate in, or are consigned from, or located in, Russia. On April 20, the 2023 UK substantially restructured the prohibition and divided the revenue generating goods into two categories: (i) revenue generating goods that are prohibited from being imported into the UK (the pre-existing list with significant expansions) and (ii) a new list of revenue generating goods, which are prohibited from being supplied both to the UK and to any third country. The ban also prohibits the provision of technical assistance, financial services and funds, and brokering services relating to revenue generating goods.

The second category of the revenue generating goods has brought the UK sanctions closer to the scope of similar EU sanctions. The UK has also introduced an exception from these trade sanctions for the second category of revenue generating goods, if they were lawfully imported to the UK or the Isle of Man or if they are located in Russia and are used by the UK person or their immediate family members for a personal purpose.

**Iron and Steel:** The UK prohibited the import of iron and steel products that originate or are consigned from Russia and acquisition of such iron and steel products, directly or indirectly, whether or not they are meant to enter the UK. This also includes a prohibition on directly or indirectly supplying or delivering iron and steel products from a place in Russia to a third country. The UK also prohibits the provision of technical assistance, financial services and funds in relation to iron and steel products. On April 20, 2023, the UK imposed an import ban on iron and steel products processed in a third country using Russian iron or steel products. The ban

includes a prohibition on providing related technical assistance and financial and brokering services. The UK provided exception from the prohibition for the iron and steel goods lawfully imported to the UK or the Isle of Man.

**Coal and Coal Products, Oil and Oil Products:** The UK prohibited the import of Russian oil and oil products coal or coal products and liquified natural gas (LNG). These prohibitions include a prohibition on acquiring these goods, directly or indirectly, where they originate in or are located in Russia with the intention of having the goods enter the UK. The prohibition also applies to the provision of related technical assistance, financial services, funds and brokering services related to these goods.

**Gold:** The UK also prohibited the import of gold (including gold jewelry) where that gold has been exported from Russia and originates in Russia. It is also prohibited to acquire gold, directly or indirectly, where it originates in or is located in Russia with the intention of having it enter the UK. The prohibition also applies to the provision of related technical assistance, financial services, funds and brokering services related to these goods.

On April 20, 2023 the UK removed the prohibition on the direct or indirect supply and delivery of the oil and oil products, coal and coal products, as well as the first category of the revenue generating goods (regardless of the origin) from a place in Russia to the UK (LNG was originally not subject to such restriction). With respect to gold, supplies and deliveries of the Russian-origin gold from third countries to the UK were removed from the scope of prohibition as well. These actions included removal of the prohibition to provide related technical assistance, financial services, funding and brokering services for the relevant supplies.

The UK imposed additional duties of 35 percentage points on a range of goods including platinum, palladium, nickel, silicon, antibiotics and more.

#### **Non-Government Controlled Territories of Ukraine**

Existing trade embargos on Crimea were expanded to also apply to Donetsk and Luhansk, subject to an exemption for the performance of contractual obligations that arose before February 23, 2022, where the UK government has been notified of such performance. **Starting from June 20, 2023 similar sanctions apply to Kherson and Zaporizhzhia regions.**

#### **Oil Price Cap**

The UK imposed a broadly similar Oil Price Cap as the EU.

In particular, the UK prohibits maritime transportation from Russia to a third country or between third countries of oil (from December 5, 2022) and petroleum products (from February 5, 2023), if the price per barrel exceeds the agreed price

caps (i.e. \$60 for oil, \$45 for discount-to-crude petroleum products and \$100 for premium-to crude petroleum products<sup>144</sup>). The UK also prohibits provision of financial services or other ancillary services relating to such maritime transportation.

Similar to the EU, the UK Oil Price Cap determines three “tiers” of actors in the oil supply chain depending on whether they routinely know the price paid in their ordinary course of business and their role in the oil supply transactions.<sup>145</sup> The three “tiers” have different scope of price attestation, due diligence and reporting requirements.<sup>146</sup> All entities involved in the Oil Price Cap trades must keep accurate, complete and English-readable electronic or paper records of their activities undertaken under the relevant license. The use of the UK Oil Price Cap exemption may in practice be more administratively burdensome than the equivalent EU mechanism.<sup>147</sup>

UK Oil Price restrictions will not apply where oil and petroleum products originate from a country other than Russia, there is no ownership by a person connected with Russia and only loading in, departing from or transiting through Russia is concerned. Further exemptions apply where a maritime transportation of oil or petroleum products is required to prevent serious and significant impact on human health or safety, infrastructure or the environment or to ensure supplies to EU landlocked Member States, if pipeline supplies are interrupted.

## Transport Restrictions

The UK now prohibits Russian ships from entering or accessing UK ports. This prohibition applies to ships that are owned, controlled or chartered or operated by a designated person or a person connected with Russia, a ship flying the Russian flag, a ship registered in Russia or a specified ship.

The UK has also imposed a ban on Russian airlines accessing UK airspace and landing at UK airports. This ban also extends to providing insurance and reinsurance services relating to aviation, space goods or space technology to a person connected with Russia or for use in Russia. This equally applies to any aircraft owned, operated or chartered by a Russian person.

Furthermore, the UK has imposed a ban on the registration of aircrafts and potential termination of registration of aircrafts owned, operated or chartered by a sanctioned person.

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<sup>144</sup> See GL INT/2022/2469656, available [here](#).

<sup>145</sup> See GL INT/2022/2469656, available [here](#).

<sup>146</sup> See OFSI's list of reporting forms, available [here](#).

<sup>147</sup> For more information on the UK Oil Price Cap, see the Treasury's guidance, available [here](#); the Department for Business, Energy & Industrial Strategy's guidance, available [here](#); OFSI's blog post, available [here and here](#).

## **Internet Services Restrictions**

On April 29, 2022, the UK imposed obligations on social media providers, internet access service providers and application store providers. Social media providers must take reasonable steps to ensure that content on their platform that has been posted or shared by a designated person is not “encountered” by a UK user. A person who provides an internet access service must take reasonable steps to prevent a UK user from accessing, by means of that service, an internet service provided by a designated person. Application store providers must now take reasonable steps to prevent UK users from downloading or otherwise accessing an internet service provided by a designated person.

Furthermore, new powers have been granted to OFCOM to monitor compliance with the two restrictions above and to impose fines; it is an offense for someone to refuse to comply with an OFCOM request related to this monitoring, or to otherwise obstruct or provide false information.

The UK also prohibited providing interception and monitoring services to, or for the benefit of, the Russian government.

## **Services Restrictions**

The UK prohibited the provision of certain services to a person connected with Russia, including:

- accounting and auditing services;
- business and management consulting services;
- public relations services;
- IT consultancy and design services;
- architectural services;
- engineering services;
- advertising services; and
- auditing services.

The services ban will also not apply to internet access services or services that are incidental to the exchange of communications over the Internet.

Unlike the EU restrictions that extend only to Russian entities, the UK services ban applies to the provision of services to persons connected with Russia,<sup>148</sup> which can cover individuals receiving the benefit of the prohibited services. The UK services ban also does not provide an exemption for Russian entities owned or controlled by UK persons or entities.

On June 23, 2023, the UK expanded service restrictions to legal advisory services. In particular, the new sanctions prohibit provision of legal advisory services to any person who is not a United Kingdom person in relation to, or in connection with, any activity which would be prohibited by sanctions regulations if performed by a United Kingdom person or in the territory of the United Kingdom. Legal advisory services include only non-contentious matters, such as advice on application and interpretation of law, actions on behalf of a client in a commercial transaction and preparation of legal documents.<sup>149</sup>

### General Licenses for Financial Sanctions

Since implementing its autonomous sanctions regime, the UK has been able to issue US-style general licenses for conduct that would otherwise be prohibited by sanctions (this differs from EU sanctions, which usually require a person to apply for an individual license). The following licenses related to financial sanctions have been issued and remain unexpired:

- A license relating to asset recovery by “Non-Crown Relevant Organisations”; it is of indefinite duration.
- A license allowing winding down, payments for basic needs and payments related to insolvency proceedings involving Amsterdam Trade Bank N.V, a majority-owned subsidiary of Alfa-Bank JSC, until May 12, 2025.
- A license allowing UK persons to make payments to PJSC Aeroflot, JSC Rossiya Airlines, JSC Ural Airlines, Russian Railways and their subsidiaries for the purchase of flight or train tickets originating in or within Russia until May 23, 2024. The license also allows purchasing tickets from the South Caucasus Railway CJSC for journeys between Armenia and Georgia and within these countries until May 23, 2024.
- A license allowing Interim Managers and trustees to act as receivers and managers in respect of the property and affairs of a charity until May 30, 2025.
- A license allowing non-asset frozen persons to continue business operations involving civil telecommunications services and news media services, until May 30, 2024.

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<sup>148</sup> For further information, see the Export Control Joint Unit’s guidance, available [here](#).

<sup>149</sup> The Russia (Sanctions) (EU Exit) (Amendment) (No. 3) Regulations 2023, available [here](#).

- A license allowing non-asset frozen persons to use the retail banking services of asset frozen banks provided that the payments made or received are intended for personal use and that the total value of payments made does not exceed £50,000, until November 10, 2023.
- A license of an indefinite duration allowing certain humanitarian organizations to provide humanitarian assistance to Ukraine and its non-government controlled areas.
- A license of indefinite duration allowing asset frozen individuals or entities to make payments to UK insurers for insurance premiums and broker commissions relating to the provision of building and engineering insurance cover provided to UK properties, and to receive payment following successful claims against their insurance policies.
- A license authorizing payments until August 14, 2023 to Credit Bank of Moscow, Gazprombank, Sberbank or Rosbank, or a subsidiary of any of these, for the purpose of making energy available for use in Mongolia.
- A license allowing Crown servants, contractors and their family members to carry out activities in their personal capacity that would otherwise be prohibited.
- A license allowing banks to take payment of bank fees from frozen accounts.
- A license indefinitely authorizing the payment of funds to the London Court of International Arbitration to cover arbitration costs.
- A license authorizing the granting of category 5 loans and other financing arrangements to Gazprom Germania GmbH until October 29, 2023.
- A license authorizing a non-designated person to make use of the retail banking services of a designated credit or financial institution, provided that payments made or received are intended for personal use, provided that the total value of payments does not exceed £50,000, until November 10, 2023.
- A license authorizing designated persons to make utility payments for gas and electricity supplies to owned or rented UK properties from a frozen UK bank account, until October 16, 2023.
- A license authorizing a UK person to receive from a designated person funds or economic resources owed by a designated person under contractual obligations entered into before the person became designated, so long as the total value of the payment does not exceed £200,000, until November 21, 2023. The General License excludes particular contracts, such as bonds, derivative contracts, derivatives, credit default swaps and repo transactions.



- A new license authorizing UK law firms and counsels to receive payment for legal services rendered to a designated person, subject to certain conditions including a legal fee cap of £500,000 and legal expenses cap of 5% (up to £25,000), until October 28, 2023.
- A license authorizing Lithuanian Railways to receive payments from Russian Railways in relation to passenger transit between Kaliningrad and other parts of Russia, until April 13, 2025.
- A license authorizing a bond issuer to restructure bonds held by designated persons, so long as funds or economic resources are not made available to the designated person, until March 28, 2025.
- A license allowing the wind-down of trust services to a designated person, until 90 days after the designation of that person.

The issuance of general licenses by OFSI licensing a broad class of activity under the Regulations has also led to specific license applications being withdrawn. Overall, in 2021, OFSI received 11 specific license applications to allow an activity or transaction that would otherwise be prohibited by the Russia Regulations. In the same period, OFSI approved nine new or amended licenses under the Russia Regulations. In 2022, OFSI received 1031 specific license applications and as of December 6, 2022, records show that OFSI issued 82 new or amended specific licenses under the Russia Regulations.<sup>150</sup>

### **The Economic Crime (Transparency and Enforcement) Act 2022**

The Economic Crime (Transparency and Enforcement) Act 2022 received royal assent and thus came into force on March 15, 2022.<sup>151</sup> The Act grants the UK government the power to implement asset freezes or travel bans on an urgent basis to mirror US, EU, Australian and Canadian sanctions, or to mirror the sanctions of any other country as specified by the UK government. Furthermore, the Act grants OFSI the power to impose civil monetary penalties on a strict liability basis for sanctions avoidance; this provision took effect on June 15, 2022, but does not apply to breaches of sanctions that occurred before June 15, 2022.<sup>152</sup>

### **Expansion of Belarus Sanctions Regime**

On July 5, 2022, the UK extended its Belarus sanctions regime to mirror that imposed on Russia. Another major round of sanctions followed on June 9, 2023. Measures against Belarus include the following sanctions:

<sup>150</sup> See Question for Treasury of the UK Parliament “Sanctions: Russia” (Dec. 6, 2022), available [here](#).

<sup>151</sup> See our update: UK Economic Crime Act Strengthens Anti-Money Laundering and Sanctions Framework available [here](#).

<sup>152</sup> See our update: OFSI Publishes Updated Enforcement and Penalty Guidance available [here](#).

- Designation by description. On June 9, 2023 UK expanded the designation criteria to be able to target a wide range of Belarus public officials and their family members. UK designated more than 100 persons and organizations in Belarus;
- Financial restrictions, including: dealing with transferable securities or money-market instruments issued by and extending loans and credit arrangements to Belarus, Belarus state-owned entities and banks, as well as persons connected with Belarus. On June 9, 2023 the UK expanded the securities-related prohibition to persons acting on behalf or at the direction of the previously targeted groups. Financial sanctions imposed on Belarus also prohibit provision of financial service for Belarus's foreign exchange reserves and asset management and prohibit export to Belarus of sterling and banknotes denominated in the official currency of the EU.
- Trade sanctions, including:
  - exports of critical-industry goods, dual-use goods, interception and monitoring goods, internal repression goods, luxury goods, military goods; oil refining goods, quantum computing and advanced materials goods; tobacco industry goods; goods that can be used to produce chemical and biological weapons and machinery-related goods; and
  - imports of arms and related material, iron and steel products, mineral products, potash, gold, cement, wood and rubber; and
  - internet services restrictions to prevent access to content of designated persons.
- Restrictions related to aircrafts and ships, including a prohibition on Belarussian aircraft overflying or landing in the UK and a prohibition on Belarussian ships entering UK ports.

## Future Plans

Notably, while the majority of the sanctions announced by Foreign Secretary Liz Truss on February 28, 2022 have now been implemented, two still remain outstanding:

- Full asset freeze on all Russian banks; and
- Limits on Russian deposits in UK banks.<sup>153</sup>

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<sup>153</sup> Liz Truss Oral Statement to Parliament "UK Support for Ukraine following Russia's invasion" (Feb. 28, 2022), available [here](#).

On April 19, 2022, the UK government announced plans to introduce certain capital market restrictions, including the revocation of the Moscow Stock Exchange's recognized status.

Further information regarding these sanctions has not yet been published.

Notably, the published UK financial sanctions do not include deposit restrictions relating to Russian persons in the UK or the EU-style restrictions on Russian persons buying GBR denominated shares. It is not clear if the UK government plans to publish these at a later date, or if it is of the view that it will need more significant amendments to its sanctions-related legislation in order to impose such restrictions.

Note that as of November 10, 2022, all amendments to the Russia sanctions regime as described above have been given effect in all British Overseas Territories except Bermuda and Gibraltar.<sup>154</sup>

On February 24, 2023, the UK announced that it intends to introduce export restrictions covering "every item that Russia has been found using on the battlefield in Ukraine". Although the full list of items that will be banned has not yet been published, the steps already taken on April 20, 2023 seem to be a big step on the way to implementing this plan.

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<sup>154</sup> See Explanatory Note to The Russia (Sanctions) (Overseas Territories) (Amendment) (No. 3) Order 2022, available [here](#).

\* \* \*

We are closely monitoring the situation and expect to continue to provide updates of any relevant developments. Please do not hesitate to contact us with any questions.

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## ANNEX A

## RUSSIAN BILLIONAIRES – US, EU AND UK SANCTIONS

This table has been prepared by reference to the Forbes World's Billionaires List, available [here](#).

No.	Name	Industry	Wealth (USD)	US SDN List	EU Asset Freezes	UK Asset Freezes
1.	Vladimir Lisin	Steel, transport	\$18.4 bn	NO	NO	NO
2.	Vladimir Potanin	Metals	\$17.3 bn	YES	NO	YES
3.	Leonid Mikhelson	Gas, chemicals	\$14 bn	NO	NO	YES
4.	Alexey Mordashov	Steel, investments	\$13.2 bn	YES	YES	YES
5.	Mikhail Fridman	Oil, banking, telecom	\$11.8 bn	NO	YES	YES
6.	Alisher Usmanov	Steel, telecom, investments	\$11.5 bn	YES	YES	YES
7.	Gennady Timchenko	Oil, gas	\$11.3 bn	YES	YES	YES
8.	Andrey Melnichenko	Coal, fertilizers	\$11.1 bn	YES	YES	YES
9.	Vagit Alekperov	Oil	\$10.5 bn	NO	NO	YES
10.	Mikhail Prokhorov	Investments	\$10.3 bn	NO	NO	NO
11.	German Khan	Oil, banking, telecom	\$7.8 bn	NO	YES	YES
12.	Roman Abramovich	Steel, investments	\$6.9 bn	NO	YES	YES
13.	Viktor Rashnikov	Steel	\$6.6 bn	YES	YES	YES
14.	Dmitry Rybolovlev	Fertilizers	\$6.6 bn	NO	NO	NO
15.	Alexei Kuzmichev	Oil, banking, telecom	\$6 bn	NO	YES	YES
16.	Alexander Abramov	Steel, mining	\$5.5 bn	NO	NO	YES
17.	Viktor Vekselberg	Metals, energy	\$5.5 bn	YES	NO	YES
18.	Leonid Fedun	Oil	\$5 bn	NO	NO	NO
19.	Andrei Guriev & family	Fertilizers	\$4.8 bn	YES	NO <sup>155</sup>	YES
20.	Andrei Skoch	Steel	\$4.7 bn	YES	YES	YES
21.	Viatcheslav Kantor	Fertilizers, real estate	\$4.6 bn	NO	YES	YES
22.	Suleiman Kerimov & family	Gold	\$4.4 bn	YES	YES	YES
23.	Pyotr Aven	Oil, banking, telecom	\$4.3 bn	NO	YES	YES
24.	Iskander Makhmudov	Mining, metals, machinery	\$3.6 bn	NO	NO	YES
25.	Sergei Galitsky	Retail	\$3.2 bn	NO	NO	NO

<sup>155</sup> Only Andrei A. Guriev (DOB: March 7, 1982), the son of Andrei G. Guriev, is designated.

No.	Name	Industry	Wealth (USD)	US SDN List	EU Asset Freezes	UK Asset Freezes
26.	Sergei Popov	Banking	\$3.1 bn	NO	NO	NO
27.	Igor Kesaev	Tobacco distribution, retail	\$2.6 bn	YES	YES	YES
28.	Alexander Frolov	Mining, steel	\$2.3 bn	NO	NO	YES
29.	Alexander Svetakov	Real estate	\$2.2 bn	NO	NO	NO
30.	Tatyana Bakalchuk	Ecommerce	\$2.1 bn	NO	NO	NO
31.	Igor Makarov	Investments	\$2.1 bn	NO	NO	YES
32.	Alexander Mamut	Investments	\$2.1 bn	NO	NO	NO
33.	Egor Kulkov	Pharmaceuticals	\$2 bn	NO	NO	NO
34.	Alexander Skorobogatko	Real estate, airport	\$2 bn	NO	NO	NO
35.	Andrei Kozitsyn	Metals	\$1.9 bn	NO	YES	NO
36.	Alexander Nesis	Metals, banking, fertilizers	\$1.9 bn	NO	NO	NO
37.	Alexander Ponomarenko	Real estate, airport	\$1.9 bn	YES	YES	YES
38.	Igor Altushkin	Metals	\$1.8 bn	NO	NO	YES
39.	Farkhad Akhmedov	Investments	\$1.7 bn	NO	YES	YES
40.	Oleg Deripaska	Aluminum, utilities	\$1.7 bn	YES	YES	YES
41.	Dmitry Kamenshchik	Airport	\$1.7 bn	NO	NO	NO
42.	Arkady Rotenberg	Construction, pipes, banking	\$1.7 bn	YES	YES	YES
43.	Vladimir Yevtushenkov	Telecom, investments	\$1.7 bn	NO	NO	YES
44.	Vasily Anisimov	Real estate	\$1.6 bn	NO	NO	NO
45.	Sergei Gordeev	Real estate	\$1.6 bn	NO	NO	NO
46.	Ivan Savvidis	Agribusiness	\$1.6 bn	NO	NO	NO
47.	Nikolai Buinov	Oil, gas	\$1.5 bn	NO	NO	NO
48.	Pyotr Kondrashev	Investments	\$1.5 bn	NO	NO	NO
49.	Yuri Shefler	Alcohol	\$1.5 bn	NO	NO	NO
50.	Mikhail Shelkov	Titanium	\$1.5 bn	NO	NO	NO
51.	Elena Baturina	Investments, real estate	\$1.4 bn	NO	NO	NO
52.	Viktor Kharitonin	Pharmaceuticals	\$1.4 bn	NO	NO	NO
53.	Anatoly Lomakin	Investments	\$1.4 bn	NO	NO	NO

No.	Name	Industry	Wealth (USD)	US SDN List	EU Asset Freezes	UK Asset Freezes
54.	Vadim Moshkovich	Agriculture, land	\$1.4 bn	NO	YES	YES
55.	Alexey Repik	Pharmaceuticals	\$1.4 bn	NO	NO	YES <sup>156</sup>
56.	Denis Sverdlov	Electric vehicles	\$1.4 bn	NO	NO	NO
57.	Gavril Yushvaev	Precious metals, real estate	\$1.4 bn	NO	NO	NO
58.	Oleg Boyko	Diversified	\$1.3 bn	NO	NO	NO
59.	Mikhail Gutseriev & brother	Oil, real estate	\$1.3 bn	NO	YES <sup>157</sup>	YES
60.	Zarakh Iliev	Real estate	\$1.3 bn	NO	NO	YES
61.	Yuri Kovalchuk	Banking, insurance, media	\$1.3 bn	YES	YES	YES
62.	God Nisanov	Real estate	\$1.3 bn	YES	NO	YES
63.	Albert Shigaboutdinov	Refinery, chemicals	\$1.3 bn	NO	NO	YES
64.	Rustem Sulteev	Refinery, chemicals	\$1.3 bn	NO	NO	NO
65.	Andrei Bokarev	Metals, mining	\$1.2 bn	NO	NO	YES
66.	Gleb Fetisov	Investments	\$1.2 bn	NO	NO	NO
67.	Andrei Kosogov	Banking	\$1.2 bn	NO	NO	NO
68.	Megdet Rahimkulov & family	Investments	\$1.2 bn	NO	NO	NO
69.	Andrei Rappoport	Investments	\$1.2 bn	NO	NO	NO
70.	Airat Shaimiev	Refinery, chemicals	\$1.2 bn	NO	NO	YES
71.	Radik Shaimiev	Refinery, chemicals	\$1.2 bn	NO	NO	NO
72.	Samvel Karapetyan	Real estate	\$1.1 bn	NO	NO	NO
73.	Sergei Kolesnikov	Building materials	\$1.1 bn	NO	NO	NO
74.	Andrei Komarov	Investments	\$1.1 bn	NO	NO	NO
75.	Igor Rybakov	Building materials	\$1.1 bn	NO	NO	NO
76.	Igor Yusufov	Oil & gas	\$1.1 bn	NO	NO	NO
77.	Eugene Kaspersky	Software	\$1 bn	NO	NO	NO
78.	Boris Rotenberg	Construction, pipes, chemicals	\$1 bn	YES	YES	YES

<sup>156</sup> Designated as “Alexander Repik.”

<sup>157</sup> Only Mikhail Gutseriev is designated.

No.	Name	Industry	Wealth (USD)	US SDN List	EU Asset Freezes	UK Asset Freezes
	<b>TOTAL:</b>			<b>17</b>	<b>23</b>	<b>39</b>



## ANNEX B

### FINANCIAL INSTITUTIONS BLOCKING SANCTIONS OR ASSET FREEZES DESIGNATIONS

Entity	US Regime	EU Regime	UK Regime
Alfa-Bank	YES	YES	YES
Avangard	YES	YES	YES
Black Sea Bank for Development and Reconstruction	YES	NO	YES
Central Bank of Russia	NO	NO	NO
Centre for International Settlements Bank	YES	YES	NO
Credit Bank of Moscow	YES	YES	YES
Dom.RF	NO	NO	YES
Far Eastern Bank	YES	YES	NO
Garantex Europe OU	YES	NO	YES
Gazprombank	NO	NO	YES
Genbank	YES	NO	YES
International Settlements Bank	YES	YES	YES
Industrial Savings Bank	YES	NO	YES
Lanta-Bank Commercial Bank	YES	NO	NO
Marshal Global	NO	NO	YES
Metallurgical Investment Bank Commercial Bank	YES	NO	YES
Moscow Industrial Bank	YES	NO	YES
MTS Bank	YES	NO	YES
National Settlement Depository	NO	YES	NO
Novikombank	YES	YES	NO
Novosibirsk Social Commercial Bank Levoberezhny	YES	NO	NO
Otkritie Financial Corporation Bank	YES	YES	YES
Promsvyazbank	YES	YES	YES
Primorye Commercial Bank	YES	NO	NO
Rosbank	YES	YES	YES
Rossiia Bank	YES	YES	YES
Russian Agricultural Bank (Rosselkhozbank)	NO	NO	YES
Russian Direct Investment Fund	YES	YES	YES
Russian Regional Development Bank	NO	NO	YES

Entity	US Regime	EU Regime	UK Regime
Russian National Commercial Bank	YES	YES	YES
Sberbank	YES	YES	YES
SDM Bank	YES	NO	NO
SMP Bank	YES	NO	YES
Sovcombank (Buycombank)	YES	YES	YES
Bank Saint Petersburg	YES	NO	YES
Tinkoff Bank	NO	YES	YES
TransKapitalBank	YES	NO	NO
Ural Bank for Reconstruction and Development	YES	NO	YES
Uralsib Bank	YES	NO	YES
Vnesheconombank (VEB)	YES	YES	YES
VTB Bank	YES	YES	YES
Zenit Bank	YES	NO	YES
<b>TOTAL:</b>	<b>34</b>	<b>19</b>	<b>32</b>