

**MORRISON  
FOERSTER**



# **NEW RUSSIA SANCTIONS: DETAILS AND IMPACT**

**MoFo Global National Security Team  
(Sanctions – U.S., EU, UK, Asia)**

March 15, 2022

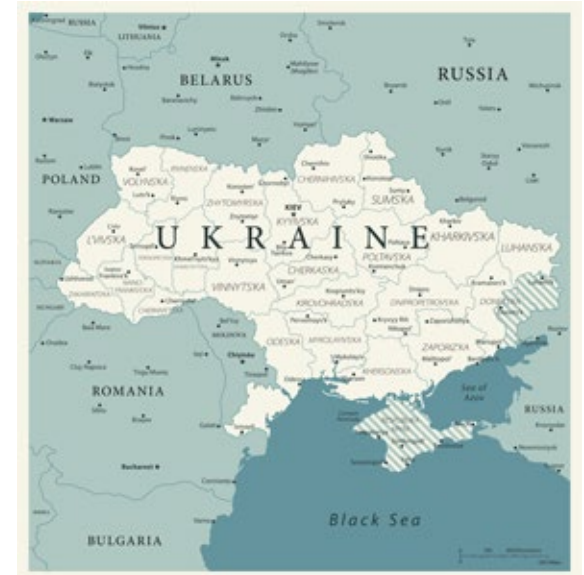
# Agenda

1 U.S. Sanctions

2 EU Sanctions

3 UK Sanctions

4 Questions



# 1. U.S. Sanctions

# Overview

## 1 Timeline of U.S. Sanctions on Russia

## 2 New Russian Sanctions

Sanctions on the Central Bank of Russia

Exclusion of Russian and Belarusian Banks from SWIFT

Energy-Related Sanctions

Bans on Russian Vodka, Caviar, and More

Blocking Sanctions

Correspondent Account Sanctions

Debt and Equity Restrictions

Prohibitions Involving Donetsk and Luhansk

Flight Restrictions

## 3 Sanctions Fallout

# Timeline of U.S. Sanctions on Russia



## 2014

Russia's invasion of Eastern Ukraine and purported annexation of Crimea leads to "asset freeze" or "[blocking sanctions](#)" and [sectoral sanctions](#) by U.S. and EU

- Blocking sanctions target mid-level Russian companies (e.g., Bank Rossiya) and Russian oligarchs
- Sectoral sanctions target financing for Russia's financial, energy, defense and related materiel sectors

## 2018

The U.S. Treasury Department's Office of Foreign Assets Control ([OFAC](#)) sanctions 7 [Russian oligarchs](#), their companies, and 17 senior [Russian government officials](#)

## 2021

President Biden authorizes sweeping blocking sanctions in response to [Russian malign activities](#)

- These sanctions further restrict dealings with the Russian Central Bank, National Wealth Fund, and Ministry of Finance



Bank of Russia



## 2022

President Biden imposes significant new sanctions on Russian financial institutions, companies, and oligarchs in response to [Russia's attack on Ukraine](#)

- These sanctions include comprehensive sanctions on two breakaway regions of Ukraine (Donetsk and Luhansk)

# Sanctions on the Central Bank of Russia

- New sanctions freeze the assets of the Russian Central Bank that are held in G7 countries (approximately half of its reserves) with the intent of limiting Russian's ability to support the war and ruble
- U.S. persons are now prohibited from engaging in transactions involving Russia's:
  - **Central Bank (CBRF);**
  - **National Wealth Fund;** and
  - **Ministry of Finance**
- OFAC General Licenses (GLs) **8A, 9A, 10A, 13** and **14** authorize dealings with CBRF related to its role as operator of a clearing and settlement system as well as energy-related transactions, interest and dividend payments, derivative transactions, and administrative payments (e.g., taxes). These GLs generally expire after a narrow authorized period.
- OFAC also sanctioned entities that manage Russia's key sovereign wealth funds, including the Russia Direct Investment Fund (**RDIF**)



Bank of Russia



RUSSIAN DIRECT  
INVESTMENT FUND



# Exclusion of Russian and Belarusian Banks from SWIFT

- The United States and its G7 allies are committed to ensuring select Russian and Belarusian banks are removed from SWIFT
- The move targets these banks' access to global financial markets by making it almost impossible to make and receive payments
- Effective **March 12, 2022**, the EU prohibited the provision of “specialised financial messaging services,” including SWIFT, to:
  - Bank Otkritie
  - Novikombank
  - Promsvyazbank
  - Bank Rossiya
  - Sovcombank
  - Vnesheconombank (VEB)
  - VTB Bank
  - Overall seven Russian subsidiaries of these banks
- Effective **March 20, 2022**, three Belarusian banks and their Belarusian subsidiaries are also subject to the SWIFT exclusion



## What is SWIFT?

Society for Worldwide Interbank  
Financial Telecommunication

Belgian-based cooperative comprised  
of the world's leading banks that serves  
as the main global messaging network  
for international finance

# Energy-Related Sanctions

- On March 8, 2022, President Biden issued Executive Order (E.O.) 14066 prohibiting:
  - **U.S. imports** of Russian crude oil; petroleum; petroleum fuels, oils, and products of their distillation; liquefied natural gas; coal; and coal products;
  - **New investment** in the energy sector of the Russian economy by U.S. persons;
  - Any **U.S. person approving, financing, facilitating, or guaranteeing** transactions by non-U.S. persons that would be prohibited for a U.S. person.
- **GL 16** authorizes all transactions ordinarily incident and necessary to import covered products under existing contracts into the U.S. until **April 22, 2022**
- The UK announced that it will phase out the import of Russian oil by the end of 2022, and the EU also outlined a plan to make Europe independent from Russian fossil fuels before 2030
- **GL 8A** authorizes certain transactions “related to energy” involving specified Russian financial institutions until **June 24, 2022**, but GL 8A does not authorize transactions prohibited by E.O. 14066





# Bans on Russian Vodka, Caviar, and More

- On March 11, 2022, President Biden issued a new E.O. prohibiting:
  - **U.S. imports** of Russian fish, seafood, and preparations thereof; alcohol; non-industrial diamonds; and any other later-determined products;
  - **U.S. exports** to Russia of “luxury goods”;
  - **U.S. exports** of USD-denominated banknotes to the Russian government or any person in Russia;
  - **New U.S. person investment** in any sector of the Russian economy as may be determined by the Secretaries of Treasury and State; and
  - Any **U.S. person approving, financing, facilitating, or guaranteeing** transactions by non-U.S. persons that would be prohibited for a U.S. person.
- **GL 17** authorizes all transactions ordinarily incident and necessary to the import of fish, seafood, and preparations thereof; alcohol; or non-industrial diamonds under existing contracts until **March 25, 2022**.
- **GL 18** authorizes all transactions ordinarily incident and necessary to USD banknote noncommercial, personal remittances from U.S. persons to individuals in Russia or to other U.S. persons in Russia.



- **GL 19** authorizes U.S. persons living in Russia to engage in all transactions ordinarily incident and necessary to live there, including paying for housing, acquiring personal goods and services, paying taxes and fees, and purchasing or receiving permits, licenses, or public utility services.

# Blocking Sanctions

## Blocking sanctions:

Prohibit U.S. nexus transactions with blocked persons (including any transaction involving U.S. persons, U.S. services such as U.S. dollar payments, and actions within the United States)

Require the target's assets within U.S. jurisdiction to be blocked (i.e., frozen) and reported to OFAC within 10 days

Apply to any entity owned 50 percent or more, directly or indirectly, by one or more blocked persons

## U.S. Russia sanctions authorize blocking sanctions on individuals/entities relating to:

The Russian Federation's malign activities (election interference, cyber-enabled activities, corruption, etc.)

The destabilization of Ukraine

The Donetsk and Luhansk regions of Ukraine

## Primary and secondary sanctions implications

# Blocking Sanctions

New blocking sanctions target:

- **Russian political figures**, including:
  - Russian President **Vladimir Putin**; and
  - Minister of Foreign Affairs **Sergei Lavrov**
- **Russian elites** (e.g., families close to Putin, oligarchs, those with key roles in the Russian financial industry)
  - **Denis Bortnikov** (Deputy President of VTB Bank)
  - **Petr Fradkov** (Chairman/CEO of Promsvyazbank)
  - **Vladimir Kiriyyenko** (CEO of VK Group, parent company to social media platform, VKontakte)
- **Belarusian individuals and entities** for their role in the Ukraine invasion, including:
  - **Belinvestbank** (4th largest financial institution in Belarus)
  - **Viktor Khrenin** (Belarusian Minister of Defense)
  - **Minsk Wheeled Tractor Plant** (state-owned military-industrial complex enterprise)

# Blocking Sanctions

New blocking sanctions also target major **Russian financial institutions** (among others), including dozens of their majority-owned subsidiaries:

- **VTB Bank** (2nd largest financial institution (F.I.))
- **Promsvyazbank** (8th largest bank)
- **VEB** (top 5 F.I.)
- **Otkritie** (7th largest F.I.)
- **Sovcombank** (9th largest F.I.)
- **Novikombank** (top 50 F.I.)

Companies have until **March 26, 2022** to wind down transactions with VTB, Otkritie, and Sovcombank, and until **May 25, 2022** to divest related debt and equity and to wind down related derivatives contracts.

Companies have until **March 24, 2022** to wind down transactions with VEB.



Promsvyazbank



ОТКРИТИЕ

Bank



SOVCOMBANK



НОВИКОМБАНК

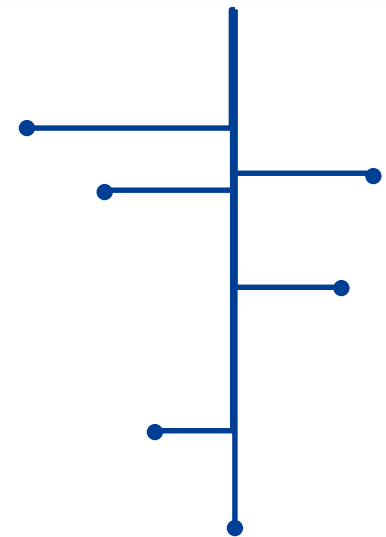
# Correspondent Account Sanctions

Effective **March 26, 2022**, U.S. financial institutions are prohibited from:

- 1. Opening or maintaining a correspondent or payable-through account** for or on behalf of identified foreign financial institutions, their property, and interests in property; and
- 2. Processing transactions** involving such entities, their property, and interests in property.

These sanctions currently target **Sberbank** – the largest financial institution in Russia and holder of a third of all bank assets in Russia – and 25 of its subsidiaries.

Sanctions also apply to all directly or indirectly 50 percent or more-owned subsidiaries of identified foreign financial institutions (even if not on OFAC's sanctions lists).



# Debt and Equity Restrictions

- Effective **March 26, 2022**, all transactions by U.S. persons or within the United States **in new equity or new debt with a maturity of greater than 14 days** of the entities listed below are prohibited.
- Restrictions apply to any entity owned directly or indirectly 50 percent or more by one or more listed entities.
- Targets 13 key Russian state-owned and private entities:
  - **Sberbank** (largest F.I.)
  - **Gazprombank** (3rd F.I.)
  - **Gazprom** (world's largest natural gas company)
  - **Gazprom Neft** (top Russian oil producer)
  - **Transneft** (petroleum pipelines)
  - **Rostelcom** (largest telecom co.)
  - **RusHydro** (top Russian power co.)
  - **Alrosa** (diamond mining co.)
  - **Sovcomflot** (maritime and freight)
  - **Russian Railways** (top world railroad co.)
  - **Alfa-Bank** (4th largest F.I.)
  - **Credit Bank of Moscow** (6th largest F.I.)
  - **Russian Agricultural Bank** (5th largest F.I.)



# Prohibitions Involving Donetsk and Luhansk

Executive Order 14065 of February 21, 2022 prohibits:

- New **U.S. investment** in the Donetsk (**DNR**) and Luhansk (**LNR**) regions of Ukraine;
- **U.S. imports** of goods, services, or technology from the DNR or LNR;
- **Exporting, reexporting, selling, or supplying** goods, services, or technology to the DNR or LNR by U.S. persons; and
- Any **U.S. person approving, financing, facilitating, or guaranteeing transactions** by non-U.S. persons that would be prohibited for a U.S. person.

E.O. 14065 also authorizes **blocking sanctions** on those with ties to the DNR and LNR, including entities operating in those regions or are owned or controlled by entities in those regions.

OFAC authorized wind down transactions involving DNR and LNR though **March 22, 2022**.

**GL 23** authorizes all transactions ordinarily incident and necessary to certain NGO activities in the DNR and LNR, including those that support humanitarian projects, democracy building, education, etc.



# Flight Restrictions

- The U.S., Canada, EU, and UK (among others) have taken steps to close their airspace to Russian aircraft.
- Russia has responded by closing its airspace to airlines from numerous countries.
- Individual airlines have responded as well (e.g., Delta Air Lines suspends sharing agreement with Aeroflot; Boeing stops providing support to Russian airlines).
- These actions are expected to create significant costs and pressure on the Russian economy (and the travel and tourism industry in particular).
- The legal definition of “national airspace,” prevents countries from banning aircraft more than 12 nautical miles from the coast, allowing flights to continue through certain routes (e.g., flights from Kaliningrad, a Russian territory between Lithuania and Poland).





# Sanctions Fallout

- These new sanctions impose severe immediate and long-term costs on Russia's economy:
  - Loss of **foreign investment**
  - Devaluation of the **ruble**
  - Unstable **stock market**
- Significant impact on **international energy markets** (oil and natural-gas prices are soaring)
- Global companies must reconsider their (1) **existing business** with Russia, Belarus, and Ukraine and (2) **sanctions compliance** program compliance and controls
- Uncertainty over extent of **secondary sanctions** consequences/**reputational risk**
- Potentially **more coordinated sanctions** to come
- Russia has – and may impose further – **countermeasures**

## 2. EU Sanctions

# Overview

**1** When Do EU Sanctions Apply?

**2** Timeline of EU Sanctions on Russia

**3** Types of New Russia Sanctions

Sanctions on CBR and SWIFT Restrictions

Listings of Sanctioned Persons

Capital Market Restrictions

Trade Restrictions and Export Controls

Further Restrictions

**4** Concluding Remarks

# When Do EU Sanctions Apply?

EU restrictive measures (sanctions) are set out by **EU regulations** – they apply directly and immediately within each EU Member State (as published in the EU's Official Journal)

EU sanctions apply when there is an **EU nexus to a business/transaction**

- **Individuals:**

- Any **national of an EU Member State** anywhere in the world
- Any individual, regardless of nationality, for **activities within EU territory** (also on board of any aircraft or any vessel under the jurisdiction of an EU Member State)

- **Entities:**

- Any **entity incorporated or constituted under the laws of an EU Member State** (including branches located abroad)
- Any entity – even subsidiaries or branches of foreign companies – for activities within **EU territory**
- Any entity in respect of any **business done in whole or in part within the EU**:  
Minor nexus to EU territory may be considered sufficient, e.g., if business is carried out using data infrastructure located in the EU

# Timeline of EU Sanctions on Russia



## 2014

Russia's **invasion of Eastern Ukraine** and **annexation of Crimea** leads to the following sanctions (which have since been regularly extended):

- Designations of individuals and entities as “sanctioned persons” (2014 – to date)
- Sectoral sanctions restrict financing and capital market access of entities in Russia’s financial, crude oil/petroleum, and defense sectors
- Limited trade embargo on Russia (military, dual-use items, items related to oil exploration and production projects)
- Far-reaching trade embargo on Crimea region (including import ban on goods originating in Crimea)

## 2019-2021

Designations of various Russian individuals and entities under the **EU’s “horizontal” sanctions regimes** (non-country-specific regimes):

- Proliferation of chemical weapons
- Human rights violations
- Cyber attacks

## SINCE 23 FEB. 2022

Imposition of various types of sanctions on Russian (and Belarusian) individuals, entities and economic sectors in response to **Russia’s full-scale attack on Ukraine** – similarities with U.S. sanctions just discussed, but certain differences to take into account

# Sanctions on CBR, CBB and SWIFT Restrictions

The EU followed the approach agreed by the G7 countries, and on [February 28, 2022](#), prohibited any **transactions related to the management of reserves as well as of assets of the Central Bank of Russia** (including any legal person, entity or body acting on behalf of, or at the direction of, the Central Bank of Russia, such as the **Russian National Wealth Fund**). On [March 9, 2022](#), the EU likewise prohibited transactions with the **Central Bank of Belarus**

In addition, already on February 23, 2022, the EU imposed a prohibition to trade or deal in any in **transferable securities and money-market instruments issued after March 9, 2022** by **Russia, its government, the Central Bank of Russia** (or entities acting on their behalf or at their direction), as well as to grant any loans or credit to these persons after [February 23, 2022](#)

[On March 2](#), the EU introduced a ban on investing, participating or otherwise contributing to future **projects co-financed** by the **Russian Direct Investment Fund**

Effective [March 12, 2022](#), the EU **excluded seven Russian banks** and their Russian subsidiaries **from SWIFT**. Effective [March 20, 2022](#), the same applies to **three Belarusian banks** and their Belarusian subsidiaries



Bank of Russia



RUSSIAN DIRECT  
INVESTMENT FUND

# Listings of Sanctioned Persons

## Listings of “Sanctioned Persons” (individuals, entities or organizations):

- Similar to U.S. “Blocking Sanction”: **prohibits most transactions with a sanctioned person** (a ban on making funds or other economic resources available to the listed persons and entities, directly or indirectly)
- Require the **sanction target’s assets** within EU jurisdiction to be **frozen** and reported to the competent EU Member State authority
- Broad scope of **indirect application**: any **entity owned or controlled**, directly or indirectly, by any legal or factual means, by a sanctioned person is “infected” (50% ownership not required)

**More listings may occur at any time.** The EU Russia sanctions authorize to list individuals and entities for (among others):

- **Undermining** or threatening the **territorial integrity**, sovereignty and independence of, or stability or security in Ukraine
- **Supporting**, materially or financially, **or benefitting** from the **Government of Russia**
- Being **involved in economic sectors** providing a substantial **source of revenue** to the **Government of Russia**

# Listings of Sanctioned Persons (continued)

The EU designated hundreds of **Russian and Belarussian individuals and various entities**, many of which have also been designated by the U.S. and/or UK governments, as sanctioned persons. The new listings include (the following are a few *examples only*):

- Russian **financial institutions** (Rossiya Bank, Promsvyazbank, VEB.RF)
- The **Internet Research Agency** and the Russian Gas Industry Insurance Company **SOGAZ**
- Numerous Russian **government officials**, among them President Putin and Foreign Minister Lavrov, and hundreds of members of the Russian parliament (the Duma & Senate)
- Senior officials of the Russian and Belarus **military and secret service**
- **Oligarchs and businessmen** with significant shareholdings or key positions, *for example* in Russian companies in the oil, banking, and finance sectors (among them Rosneft, Transneft, and the Alfa Group)
- **Propagandists** involved in Russian media outlets
- **Today** (March 15, 2022), the EU Council agreed on further listings of **oligarchs, business elites** linked to the Kremlin, **lobbyist and propagandists**, and **companies active in the military and defense areas** (aviation, military and dual use, shipbuilding and machine building) as part of a fourth round of sanctions imposed against Russia (expected to enter into force today following publication in the EU Official Journal)



# Capital Market Restrictions

Addition of major state-related banks and industrial companies to **prohibition of dealing in transferable securities** (including “**crypto assets**”) and **money market instruments** issued by these entities (after [April 12, 2022](#)), and of granting **loans or credit** to these entities (after [February 26, 2022](#))

For transferable securities and money market instruments issued after [April 12, 2022](#), and credit and loan granted after [February 26, 2022](#), these prohibitions **now apply irrespective of maturity** (also for banks, energy, and defense companies previously subject to sectoral sanctions!)

Restrictions also apply to **non-EU subsidiaries** (if more than 50%-owned) and persons acting on behalf or at the direction of entity subject to sectoral sanctions

## **4 Banks added to sectoral sanctions:**

- Alfa Bank
- Bank Otkritie
- Bank Rossiya
- Promsvyazbank

## **8 Industrial Companies added to sectoral sanctions:**

- Almaz-Antey
- Kamaz
- Novorossiysk Commercial Sea Port
- Rostec (Russian Technologies State Corporation)
- Russian Railways
- JSC PO Sevmash, Sovcomflot
- United Shipbuilding Corporation

# Capital Market Restrictions (continued)

The new sanctions further prohibited the following:

- Listing and providing services in relation to **shares of Russian or Belarusian state-owned entities on EU trading venues** (effective [April 12, 2022](#))
- **Selling euro-denominated securities** issued after [April 12, 2022](#) to **Russian clients**
- For the **EU central securities depositories**, providing certain **services** for transferable securities issued after [April 12, 2022](#) to **Russian clients** or holding accounts for **Belarusian clients**
- Accepting **deposits exceeding 100 000 EUR** from Russian or Belarusian clients
- Selling, supplying, transferring or exporting **euro denominated banknotes**
  - **to Russia**, to any person in Russia, or **for use in Russia**
  - **to Belarus**, to any person in Belarus, or **for use in Belarus**
- As part of the fourth EU sanctions package against Russia agreed today, the EU **bans the rating of Russia and Russian companies by EU credit rating agencies** and the **provision of rating services to Russian clients** to further restrict their access to the EU's financial markets

# Trade Restrictions and Export Controls

**Dual-use items and high-tech goods and technology:** Broad restrictions on the **sale, supply, transfer or export** to or for use in Russia (not only export!) of

- Dual-use items (any dual-use items, not just EU-origin dual use items!)
- An extensive list of goods and cutting-edge technology which might contribute to Russia's military and technological enhancement (covering computers, electronic devices, semiconductors, telecommunications and IT, sensors and lasers, navigation and avionics, marine, aerospace and propulsion)

**Energy and transport sectors:** Prohibition of the sale, supply, transfer or export to or for use in Russia or on Russian-flagged vessels (not only export!) of

- Certain goods and technologies used in oil refining
- All aircraft, spacecraft, and parts thereof, including related insurance and reinsurance and overhaul, repair, inspection services to persons or for use in Russia
- Maritime navigation goods and technology, and radio communication technology

Prohibitions also apply for related **technical, financial, brokering** and other **services**, as well as certain **public financing for trade with, or investment in, Russia**

Certain **limited exceptions** (e.g., humanitarian aid, medicine) may apply and national authorities may grant certain **authorizations**

# Trade Restrictions and Export Controls (continued)

**Further far-reaching trade restrictions against Russia and certain Russian economic sectors have been agreed between EU Member States today:**

- **Full prohibition of any transactions** with certain Russian state-owned enterprises across different sectors (“the **Kremlin's military-industrial complex**”)
  - **Import ban** on certain **iron and steel products** from Russia, amounting to approximately € 3.3 billion in lost export revenue for Russia
  - Far-reaching ban on new **investment** across the **Russian energy sector**, as well as **export restrictions** on equipment, technology and services for the energy industry (limited exceptions for civil nuclear energy and transport of certain energy products to the EU available)
  - Ban on exports to Russia of **luxury goods** (e.g. luxury cars, jewelry, etc.)
- **The new measures will be published in the EU Official Journal today and are expected to enter into force promptly**

Further, the EU Member States, together with other WTO members and following the G7 announcement on Friday, March 11, agreed to deny Russian products and services **most favored nation treatment in EU markets**

# Further Restrictions

Similar trade restrictions as for **Crimea** region since 2014, now applying to **Donetsk (DNR)** and **Luhansk (LNR)** regions of Ukraine, including:

- **Imports of goods from DNR or LNR into the EU**
- New **investments into these regions**; sale and exports related to the transport, telecommunications, energy, oil, gas and mineral resources sectors
- Technical assistance, brokering, construction or engineering services related to infrastructure in these sectors
- Providing tourism services for the specified territories

Closing of **EU airspace** for any Russian aircraft (i.e. prohibition to land in, take off from or overfly the territory of the EU)

- Also applies to non-Russian-registered aircraft owned, chartered, or otherwise controlled by a Russian person

Restrictions on **visa policy**: diplomats, other Russian and Belarusian officials, and business people will no longer be able to benefit from certain visa facilitation provisions, which allow privileged access to the EU

**Ban of Russia Today and Sputnik** from broadcasting in the EU

# Concluding Remarks

**Multilateral approach** with many similarities (U.S., EU, UK, Japan and other partners)

Companies have to take **differences** into account (e.g., different designations/listings)

**No conflict of law** with regard to U.S. and EU Russia sanctions:

- EU Blocking Statute does not apply (only relevant regarding Iran and Cuba)
- Anti-boycott rules of EU Member States (Germany's Section 7 of German Foreign Trade and Payments Ordinance) allow for compliance with sanctions imposed by third countries if similar EU rules exist

If **EU nexus** exists or cannot be ruled out: sanctions compliance programs should be updated and address requirements set out by the EU sanctions regulations, including new Russia-specific trade and financial restrictions, in addition to requirements following from the U.S. and other sanctions programs

Watch out for **additional sanctions** and for any **guidance** from the EU Commission or **national authorities**

# 3. UK Sanctions

# UK Sanctions Regime



EU sanctions regime applied in the UK until **31 December 2020**

- Post-Brexit, the UK sanctions regime is largely similar to the EU regime but with an **independent approach**
- Two important factors to consider:

**1 Ownership and control** - sanctions apply to designated persons recorded on the UK Consolidated List as well as:

- Share ownership, voting rights, ability to appoint the board, **AND**
- Any entity owned or controlled, directly or indirectly, by a designated person - which means **that designated person is able to achieve the result that the affairs of the entity, having regard to all the circumstances, are conducted in accordance with that person's wishes**

**2** Any entity that has a **UK nexus** - involvement of any natural or legal person in the UK or any UK person anywhere in the world



# UK Russia Sanctions Regime

The UK introduced an expanded sanctions regime which came into force on **10 February 2022**

- Ability to impose sanctions at short notice
- Against those involved in “obtaining a benefit from or supporting the Government of Russia,”
  - Including -
    - Those doing business as an affiliate of, or of economic significance to, the Russian Government
    - Businesses operating in sectors of “strategic significance” to the Russian Government (e.g., construction, energy, transport, technology)
  - “Government of Russia” is defined widely

UK has taken **independent and coordinated action** in response to the Ukraine invasion involving financial, trade, immigration and transport sanctions

# UK Sanctions on Russia

## **Financial sanctions as amended since February 2022:**

- In summary, the key restrictions under the Russia Regulations fall into the following categories:
  - Dealing with transferable securities and money-market instruments
  - Granting loans or credits, or entering into arrangements to do so
  - Establishing or continuing correspondent banking relationships
  - Processing sterling payments
  - Making investments in relation to Crimea, and
  - Providing financial services for the purpose of foreign exchange reserve and asset management

# UK Sanctions on Russia

## **Further sanctions** include:

- Removing Russian banks from SWIFT financial system
- Ban of Russian ships and vessels from UK ports
- Ban of Russian aircrafts from overflying or landing in the UK
- London Stock Exchange suspended trading in 35 companies which have strong links to Russia, and
- Extension of financial and trade restrictions applying to Crimea to Donetsk and Luhansk regions

# Designated Persons

## Designated entities include (but not limited to):

### Russian entities

- IS Bank
- Rossiya Bank
- PJSC Promsvyazbank
- JSC Genbank
- VTB Bank
- PJSC Sberbank
- Gazprombank
- Rostec
- United Aircraft Corporation
- PJSC United Shipbuilding Corporation
- JSC Tactical Missiles Corporation Joint Stock Company
- JSC Black Sea Bank Development and Reconstruction
- Bank Otkritie Financial Corporation PJSC
- VEB.RF
- UralVagonZavod
- Russian Direct Investment Fund

### Belarusian entities

- JSC Integral
- JSC 558 Aircraft Repair Plant

# Newly Added Designated Persons

## Designated individuals include (but not limited to):

### Russian individuals

- Vladimir Putin
- Sergei Lavrov
- Gennadiy Timchenko
- Boris Rotenberg
- Igor Rotenberg
- Kirill Dmitriev
- Denis Bortnikov
- Petr Fradkov
- Elena Georgieva
- Kirill Shamalov
- Yury Slyusar
- Roman Abramovich

### Belarusian individuals

- Andrei Burdyko
- Andrey Zhuk
- Victor Vladimirovich  
Gulevich
- Sergei Simonenko

# General Licenses

General Licenses issued by the Office of Financial Sanctions Implementation (OFSI) **not by application:**

GL number	Summary
INT/2022/1277777	Authorization to wind down transactions in respect of sovereign debt, loans and money market instruments measures until 8 March 2022 ( <i>now expired</i> )
INT/2022/1272278	Authorization to wind down of transactions involving sanctioned banks VTB Bank, BTB Capital plc and UK subsidiaries until 27 March 2022
INT/2022/1277778	Authorization to continue a correspondent banking relationship with Sberbank until 31 March 2022
INT/2022/1277877	Authorization to process payments involving Sberbank for the purpose of making Relevant Energy Products available for use in the UK until 24 June 2022
INT/2022/1280976	Authorization to UK financial authorities to do anything with regard to VTB Capital and its UK subsidiaries related to prudential supervision, or protecting, maintaining or enhancing the financial stability of the UK until 1 March 2023

# General Licenses

<b>GL number</b>	<b>Summary</b>
INT/2022/1280876	Authorization to VTB Capital and its UK subsidiaries to make payments, including fees or service charges from routine holding and maintenance of its frozen funds and economic resources, and legal professional fees until 1 March 2023
INT/2022/1295476	Authorization to wind down of transactions involving sanctioned banks Bank Otkritie, Promsvyazbank, Bank Rossiya, Sovcombank, VEB, and UK subsidiaries until 27 March 2022
INT/2022/1298776	Authorization to provide otherwise prohibited foreign exchange reserve and asset management-related financial services to PJSC Sberbank for the purposes of winding down that activity until 3 April 2022.
INT/2022/1322576	Authorization to Belaeronavigatsia to provide navigational data of civilian aircrafts for flight safety to UK flight data providers and related payments to be made to Belaeronavigatsia for an indefinite duration
INT/2022/1327076	Authorization to Chelsea Football Club, Chelsea FC Plc and its subsidiaries to make payments essential to the continuation of the operation of the Chelsea Football Club until 31 May 2022

# Further UK Russia Sanctions to Come

- Seeing a **lag in the implementation of UK legislation**
- The **Economic Crime Act** will be brought forward to simplify the process of sanctions:
  - Remove current "appropriateness" test in the Sanctions and Anti-Money Laundering Act 2018 ("SAML")
  - To prevent oligarchs and businesses associated with the Russian government threatening the UK with claims for damages
  - To allow the UK to mirror allies' designations, and
  - To introduce registration and transparency requirements for foreign ownership of UK property through the identity of ultimate beneficial owners (UBOs)
- £50,000 deposit limit on UK bank accounts held by Russian nationals in the UK
- Establishment of a "Kleptocracy Unit" within the UK National Crime Agency to target sanctions evasion in the UK
- Phasing out Russian oil and gas imports by the end of 2022



# 4. Questions

MORRISON  

---

FOERSTER