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Latest Updates to UK and EU Sanctions

In response to Russia’s continued military invasion of Ukraine, both the United Kingdom and the European Union have implemented additional asset freeze and trade and investment-related sanctions measures, issued a number of corresponding general licenses or exemptions, and provided updates to relevant corresponding guidance. This alert summarizes the key further actions taken in the United Kingdom and the European Union since our alert dated March 31, published [here](#). For the latest update on United States sanctions, see our alert dated April 8, 2022, published [here](#).¹

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United Kingdom

Asset Freezes

On April 6, 2022 the United Kingdom [added](#) eight (8) individuals and two (2) entities to the asset freeze list. Notably, these additional designations include Russia’s two largest financial institutions: Sberbank² and the Credit Bank of Moscow. Given the prominent role of these banks in Russia’s financial sector, these asset freezes will have a significant impact on individuals’ and entities’ ability to make or receive payments with counterparties or affiliates operating in the region. The April 6 designations also include Andrey Akimov, the chief executive of Gazprombank, and Leonid Mikhelson, the founder and chief executive of gas company Novatek.

On April 8, 2022, the United Kingdom [added](#) three (3) individuals to the asset freeze list, including the two daughters of Russian President Vladimir Putin and the daughter of Russian Foreign Minister Sergey Lavrov.

On April 13, 2022, the United Kingdom [added](#) two hundred and six (206) individuals to the asset freeze list, including Alexander Ananchenko and Sergey Kozlov, described, by the Foreign Office, respectively, as the self-styled Prime Ministers and Chairs of Government of the so-called Donetsk and Luhansk People’s Republics. The designations also include numerous family members and associates of Russian oligarchs and government officials, including Pavel Ezubov (cousin of Russian oligarch Oleg Deripaska), Maria Lavrova (wife of Russian Foreign Minister Sergey Lavrov), and Nigina Zairova (executive assistant to Russian oligarch Mikhail Fridman).

On April 14, 2022, the United Kingdom [added](#) two (2) individuals to the asset freeze list: Russian oligarch David Davidovich and Chelsea Football Club director Eugene Tenenbaum. In the listing, OFSI identified both individuals as associates of sanctioned Russian oligarch Roman Abramovich.

On April 21, 2022, the United Kingdom added twenty-six (26) entities to the asset freeze list, including Oleg Belozyorov, the chief executive officer of Russian Railways; several individuals and businesses supporting the Russian armed forces; and several military commanders responsible for atrocities in Bucha.

Trade Restrictions

On April 14, the United Kingdom [implemented](#) sanctions restrictions on the export of luxury goods to Russia or directly or indirectly to a person connected with Russia for use in Russia.³ The United Kingdom also implemented prohibitions on the import of iron and steel products consigned from or originating from Russia, as well as the supply or delivery of

¹ For all of our recent client alerts related to economic sanctions and export controls, please see our website [here](#).

² Sberbank was previously subject to correspondent banking restrictions and capital markets (sectoral) sanctions.

³ Luxury goods are defined in [Schedule 3A](#) to the regulation including specific values where relevant (generally over £250).

iron and steel products from a place in Russia to a third country. Both provisions provide a defence if the person did not know and had no reasonable cause to suspect that the goods were, in the case of luxury goods exports, destined (or ultimately destined) for Russia, or in the case of steel and iron imports, that the goods were from Russia.

General Licenses

The United Kingdom has also issued the following general licenses:

- On April 1, 2022, the Office of Financial Sanctions Implementation (“OFSI”) issued a [general license](#) in relation to certain transactions with the Central Bank of Russia, the National Wealth Fund of the Russian Federation, and the Ministry of Finance of Russia (each of which were designated on March 1, 2022). The license replaced the previous general license in relation to these entities issued on March 4, 2022, which was set to expire on April 3, 2022. The current license allows for the provision of financial services solely for the purposes of the receipt and onward transfer of non-rouble-denominated interest/coupon or maturity/principal payments for debt issued by the relevant entities before March 1, 2022. The current license will expire on June 30, 2022.
- On April 6, 2022, OFSI issued a [general license](#) allowing for the wind-down of any transactions involving the Credit Bank of Moscow or its subsidiaries, including the closing out of any positions and any activity reasonably necessary to effect this. The license expires May 6, 2022.
- On April 12, 2022, OFSI [revoked](#) the general license that had previously been issued on March 25, 2022 (and amended on April 4, 2022) in relation to GEFCO, a joint venture involving Russian Railways. The revocation is due to the sale of Russian Railway’s stake in the joint venture, which means the joint venture is no longer subject to the asset freeze sanctions.
- On April 21, 2022, OFSI issued a [general license](#) allowing for payments to Gazprombank or a subsidiary under contracts entered into prior to April 21, 2022, for the purpose of making gas available in the European Union, covering “any activity reasonably necessary to effect this including the opening and closing of bank accounts.” The general license expires on May 31, 2022.
- On April 21, 2022, OFSI also amended the [notice](#) regarding a previously issued general license allowing for the wind-down of any transactions involving Alfa Bank JSC, GazpromBank, Rosselkhozbank, SMP Bank, and the Ural Bank for Reconstruction and Development. The amendment clarifies that the general license does not require funds owned to the designated persons to be placed into a frozen account. Where funds are due to a subsidiary, OFSI advises companies to “consider how the ownership and control provisions in the Russia Regulations could apply to such payment.” The general license took effect from March 24, 2022 and expires on April 23, 2022.
- On April 22, 2022, OFSI [updated](#) the general license that had previously been issued on March 1, 2022 (and amended on April 1, 2022) allowing for payments in connection with (i) insolvency proceedings related to VTB Capital plc, or (ii) the basic needs, maintenance of frozen funds, or legal fees of VTB Capital plc. The update expanded the general license to also permit payments related to the same for Sberbank CIB (UK) Ltd. and to any entity owned or controlled by Sberbank CIB (UK) Ltd. and incorporated in the United Kingdom. The license expires on April 3, 2023.

Potential future sanctions

In an [announcement](#) on April 6, 2022, the United Kingdom also indicated that the United Kingdom intends to ban all new outward investment to Russia, and by the end of 2022, to end all dependency on Russian coal and oil, as well as imports of Russian gas.

On April 13, 2022, Liz Truss further stated that the United Kingdom “will continue to target all those who aid and abet Putin’s war,” indicating that we can expect the United Kingdom to implement further measures as the conflict continues.

European Union

On April 5, 2022, in response to atrocities committed by Russian forces in Bucha and other parts of Ukraine, the European Union [announced](#) a fifth package of sanctions against Russia. On April 8, 2022, the European Union also released a [press release](#) detailing a number of new sanctions measures targeting Russia and Belarus, as well as [FAQs](#) specifically related to the latest sanctions package.⁴ The associated implementing legislation was also published on April 8, 2022.⁵

Asset Freezes

The European Union designated an additional two hundred seventeen (217) individuals and eighteen (18) entities. The newly designated individuals and entities fell into a number of different categories, including:

- **Large Russian banks**, namely, Otkritie FC Bank, Novikombank, Sovcombank, and VTB Bank (each of which had already been banned from the SWIFT system);
- **Key Russian oligarchs and businesspeople**, including those deemed by the European Union as “propagandists” supporting the Russian government or involved in economic sectors providing substantial revenue to the Russian government, as well as some associated family members;
- **Government officials of the so-called People’s Councils of Donetsk and Luhansk**, including leaders, chairpersons, ministers, and members of these governments;⁶
- **Senior Russian government officials**, including figureheads within the Russian Ministry of Defence;
- **Family members of previously designated persons**, including family members of Vladimir Putin, Mikhail Fridman, and Alisher Usmanov; and

⁴ A summary of some of the key points from the previously published [FAQs](#) may be found in our previous [alert here](#).

⁵ The relevant regulations are as follows:

[Council Regulation \(EU\) 2022/580](#), amending Regulation 269/2014: Creating derogations from certain asset freezes upon authorization by Member States’ sanctions authorities, primarily relating to wind-down of existing positions with designated Russian banks. [Council Regulation \(EU\) 2022/581](#), amending Regulation 269/2014: Designating a further 216 individuals and 18 entities, including but not limited to four significant Russian banks (VTB, Otkritie, Novikombank and Sovcombank), family members of oligarchs, senior business leaders, and government officials in Luhansk and Donetsk. [Council Regulation \(EU\) 2022/576](#), amending Regulation 833/2014: Implementing further import and export controls, transport restrictions for Russian vehicles and vessels, and a variety of targeted economic measures to restrict the Russian economy.

[Council Regulation \(EU\) 2022/577](#), amending Regulation 833/2014: Implementing further measures against Belarus, including the sale of certain transferable securities and transport restrictions for Belarussian vehicles.

⁶ The majority of the newly designated individuals fall within this category.

- **Other Russian businesses**, including those supporting the Russian military through provision of vehicles, electronics, or weapons.

Trade Restrictions

The new European Union sanctions package also includes additional trade restrictions against Russia. According to the updated FAQs on Russia-related sanctions, the bans target an estimated EUR €10 billion worth of exports and EUR €5.5 billion worth of imports.

Included among the new trade restrictions are prohibitions on:

- **Coal and other solid fossil fuels imports exported from or originating in or exported from Russia into the European Union**, including the provision of technical assistance, brokering or other services, or financing or financial assistance related to these imports. Contracts concluded before April 9, 2022 may be carried out until August 10, 2022.
- **Import of certain materials which generate significant revenues for Russia**, as listed in Annex XXI to the regulation, and including certain food products, building products, chemicals, minerals, construction materials, and vessels, as well as the provision of technical assistance, brokering or other services, or financing or financial assistance related to these imports. The prohibition includes quotas allowing for the import of certain amounts of potassium chloride and other listed products. Other contracts concluded before April 9, 2022 may be carried out until July 10, 2022.
- **Export of certain goods which enhance Russia’s industrial capabilities to Russia**, as listed in Annex XXIII to the regulation, including a wide range of products used in industrial manufacturing, as well as the provision of technical assistance, brokering or other services, or financing or financial assistance related to these exports. Contracts concluded before April 9, 2022 may be carried out until July 10, 2022, and certain exemptions are available where the export relates to diplomatic or consular missions or for humanitarian aid.
- **Russian-flagged vessels entering EU ports**, including vessels which have changed their Russian flag or registration since February 24, 2022. Member States’ sanctions authorities may still authorize a vessel to access a port if necessary for (i) the import of certain raw materials, including gas, oil, refined petroleum, certain metals and chemicals; (ii) the transport of pharmaceutical, medical, agricultural, or food products; (iii) humanitarian purposes; (iv) the transport of goods necessary for civil nuclear capabilities; or (v) the import of coal or other solid fossil fuels (subject to the prohibition of new coal imports described below).
- **Russian and Belarusian logistics and transportation businesses transporting goods by road in the European Union**. However, the prohibition does not apply to goods in transit between the European Union and Kaliningrad or to certain “mail as a universal service” services. Contracts concluded before April 9, 2022 may continue until April 16, 2022. In addition, Member States’ sanctions authorities may authorize exemptions for (i) the import of natural gas, oil, and certain metals, pharmaceutical, medical, agricultural, or foods products; (ii) humanitarian purposes; (iii) the functioning of diplomatic and consular missions; or (iv) the export to Russia or cultural goods on loan to the European Union.

Investment Restrictions

- **Provision of services to trusts with Russian beneficiaries**, including providing a registered office, business address, or management services; registering; or acting as a trustee, nominee shareholder, director, or secretary for Russian nationals or natural persons residing in Russia; legal persons, entities or bodies established in Russia

and entities owned or controlled by (or acting on behalf of) the foregoing. The prohibition does not apply where the beneficiary is a national of, or has residence in, a Member State. As of May 10, 2022, it is prohibited to act as a trustee, nominee shareholder, director, secretary or similar position, for a trust, or similar legal arrangement for a trust, with the categories of Russian persons set out in the first part of the prohibition. In addition, Member States' sanctions authorities may authorize the prohibited services where necessary for humanitarian purposes or for civil society activities promoting democracy, human rights, or the rule of law in Russia.

- **Sale of banknotes in any European Union official currencies to Russia or Belarus**, excluding banknotes for personal use of EU persons travelling to Russia or Belarus, or for diplomatic or consular missions. According to the accompanying [FAQ](#), this restriction concerns physical banknotes and does not extend to transfers via bank accounts, as long as these do not fall under other restrictions (e.g., transfers to listed persons or transfers through a listed bank).
- **Sale of securities (or units in collective investment undertakings providing exposure to such securities) issued after April 12, 2022 denominated in an official EU member state currency to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia.** This applies to both public and private securities. It excludes nationals or residents of EU Member States. The accompanying [FAQs](#) also state: “[s]trictly speaking, [the restriction] does not apply to entities owned by Russian nationals or natural persons residing in Russia when the entities are registered in a country other than Russia.” However, EU operators are instructed to “therefore exert enhanced due diligence to make sure that they are not selling securities denominated in the official currency of a Member State to an entity owned by a Russian national or a natural person residing in Russia.”
- **EU-based central securities depositories providing services related to securities issued after April 12, 2022 to all Russian citizens or natural persons residing in Russia or to all legal persons, entities or bodies established in Russia.** It does not apply to nationals of a Member State. The FAQ related to this restriction states that “[p]ractical issues relating to the fungibility of securities which are outside the prohibition with securities subject to the prohibition may arise. Market participants bear the onus of ensuring that any trade they enter into does not involve the banned securities.”
- **Provision of crypto-asset wallet, account or custody services to Russian nationals or persons in Russian** where the account exceeds EUR €10,000 in value. This prohibition does not apply to the provision of these services to Russian persons who are nationals of, or resident in, an EU Member State, the European Economic Area, or Switzerland. According to the FAQs, EU crypto-asset wallet, account or custody services providers should put in place the “appropriate safeguards and remedies to avoid ending up servicing clients in breach of the prohibitions,” including taking into account the fact that crypto-asset values “can fluctuate substantially over a short period of time.”
- **Awarding, or continuing the execution of, public procurement contracts to Russian persons.** Various exemptions are available, including where the contract relates to critical industries, space programs, the provision of necessary goods and services, or diplomatic and consular missions, or are required for the import of natural gas, oil, or other solid fusel fuels.
- **Provision of support to Russian State-Owned Enterprises (“SOEs”) through certain European programs**, including the European Atomic Energy Community (“EAEC” or “Euratom”). Various exemptions are available, including for humanitarian purposes, veterinary programmes, intergovernmental cooperation in space programmes, nuclear-related purposes, climate and environmental programs, and diplomatic and consular missions.

Derogations and Humanitarian Exemptions

The European Union also introduced derogations from certain of the new asset freeze measures, allowing Member States' sanctions authorities to authorize certain dealings with:

- **Bank Rossiya, Promsvyazbank, and VEB Bank**, where necessary for the termination by August 24, 2022, of business relationships established with these banks prior to February 23, 2022;
- **Otkritie FC Bank, Novikombank, Sovcombank, and VTB Bank**, where necessary for the termination by October 9, 2022, of business relationships established with these banks prior to April 8, 2022; and
- **Any persons designated under Regulation 269/2014**, where necessary to facilitate a sale or transfer by October 9, 2022, of ownership of EU entities owned by a designated person, provided the proceeds of such sale remain frozen.

Member States' sanctions authorities are also permitted to release funds frozen under Regulation 269/2014 (the asset freezing regulation) to be used for the purposes of certain diplomatic or consular missions.

On April 13, 2022, the European Union also introduced a number of [exemptions](#) to its restrictive measures in order to facilitate humanitarian activities in Ukraine. In particular, organisations and agencies acting as humanitarian partners of the European Union are exempted from the prohibition on making funds or economic resources available to designated persons and entities where the funds or resources are necessary for exclusively humanitarian purposes in Ukraine. Certain categories of humanitarian organisations are also exempted from the export restrictions and related services prohibition related to Donetsk and Luhansk where necessary for exclusively humanitarian purposes in the non-government-controlled areas of the Donetsk and Luhansk oblasts of Ukraine.

What Next?

The European Union's FAQs on the fifth sanctions package state that the European Union is "working on additional proposals for possible sanctions, including on oil imports, and [is] reflecting on some of the ideas presented by Member States, with regards to taxes or specific payment channels, such as an escrow account." The FAQs further note that all possible options for further sanctions are being considered. We therefore expect further measures to be implemented in the future in response to continued Russian actions in Ukraine.