

US, EU AND UK MAINTAIN PRESSURE THROUGH RUSSIA SANCTIONS

Over a year has now passed since Russia invaded Ukraine, and the U.S., the EU and its member states, the U.K., and many others—including Japan, Australia, New Zealand, Taiwan and Canada—continue to exert pressure on Russia through expanding sanctions regimes.

This client publication is a restatement of our previous client notes and related materials dated August 10, 2022^[1], April 27, 2022^[2] and March 22, 2022.^[3] It tracks the most significant sanctions emerging from the U.S., EU and U.K. as they stand at September 18, 2023, including updates since our last cumulative publication, [US, EU And UK Increase Pressure on Russia with Further Sanctions](#). In addition, it annexes a [table of key individuals and entities named as being subject to the U.S., EU and U.K. sanctions](#). The table has been updated since the August 10, 2022 publication, to reflect some key additions to the sanctions lists.

As a reaction to these sanctions, the Russian government has announced a number of retaliatory sanctions, including foreign currency restrictions and measures targeting foreign businesses in Russia.

Prior to Russia's invasion of Ukraine, named Russian persons and businesses were already subject to wide-ranging international sanctions, linked to Russia's annexation of Crimea in 2014 and other events. Since February 2022, increasingly intensive rounds of international sanctions have been imposed as the conflict in Ukraine has escalated.

Many jurisdictions issued a new round of sanctions, export controls and trade restrictions on Russia, in coordination with allies and G7 partners, to mark the one-year anniversary of the ongoing conflict in Ukraine. The EU has now frozen €21.5 billion of assets belonging to designated individuals and entities, while €300 billion of assets from the Central Bank of Russia have been blocked in the EU and G7 countries.^[4] The U.K. applies similar asset freezes and has sanctioned over 1,500 Russian individuals and entities. U.K. trade sanctions have resulted in a 99% reduction in imports from Russia since before the invasion.^[5] The U.S. has sanctioned Russia's ten largest financial institutions, and a U.S.-backed task force has frozen over \$58 billion in assets. The U.S., EU and U.K. have each implemented price caps on Russian-origin oil and petroleum products, expanded their sanctions targeting Russia's military-industrial complex, including targeting PMC Wagner as a significant transnational criminal organization, and continued to target third-country individuals and companies of key weapons and technology inputs to Russia or those deemed to have assisted in sanctions evasion. Nevertheless, the Russian offensive continues, and we continue to advise our clients on the implications of these measures and track these developments as the war evolves.

Global sanctions range from directly targeting the assets of Russian financial institutions, online media outlets linked to the Russian government disinformation campaign, corporations and individuals to extending restrictions on certain

categories of transactions, investments or trade with Russia. Western sanctions on Russian energy products, including export bans and prohibitions on the financing of energy exports, are the most far-reaching sectoral sanctions imposed on a single nation in recent years in the absence of country-wide sanctions. The G7's Price Cap Coalition has agreed a \$60 per barrel cap on companies shipping Russian crude oil to third countries, effective from December 5, 2022, which was extended on February 5, 2023, to other products (\$100 for high-value products like diesel and \$45 for lower-value products like fuel oil). A total of ten Russian entities (together with their designated Russia-based subsidiaries) and four Belarusian entities have now been removed from the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

Trade controls by the EU and U.K. on imports and exports of certain categories of goods and a comprehensive trade and investment embargo against the self-proclaimed Donetsk and Luhansk People's Republics have been renewed and extended to Russian-controlled parts of Kherson and Zaporizhzhia, over which Russia has now taken control. Similarly, the U.S. has imposed comprehensive sanctions on the so-called Donetsk and Luhansk People's Republics. Several countries have announced restrictions on Russian flights in their airspace and limited Russia's access to aviation equipment and many have implemented travel bans on sanctioned individuals. Many jurisdictions have also targeted Belarusian and, more recently, Iranian individuals and entities and/or trade with Belarus and Iran in response to the support those countries have shown for the Russian campaign against Ukraine.

Key Takeaways

- The sanctions related to Russia's invasion of Ukraine are multi-faceted and, at times, complex and far-reaching, with potential implications for any business operating in the global economy, even those with no immediate or direct ties to Russia, Belarus or Ukraine.
- Corporates and financial institutions should continue to monitor the situation and conduct and update risk assessments to determine if and how these sanctions may impact their operations and business relationships. Businesses and individuals with any links to Russia, Belarus or Ukraine should develop and maintain a list identifying their connections with these countries and make any necessary adjustments to ensure compliance with applicable sanctions. They should also continue to monitor ties to these jurisdictions and be vigilant as new sanctions are introduced or developed.
- Any necessary corrective action should be taken in time to meet applicable deadlines or permissible wind-down measures. Companies should review and update their compliance policies and procedures to effectively mitigate against new sanctions, AML and anti-corruption risks.
- Legal advice should be sought in complex cases as the impact of these sanctions is unavoidably a fact-specific inquiry and will be dependent on the specific details of the transactions and circumstances in question. These sanctions as a whole contain few generally applicable rules and do not necessarily apply in the same way or to the same entities in each jurisdiction.

US Sanctions

The U.S. sanctions regime consists of a number of sanctions programs with a combination of comprehensive, sectoral, targeted and secondary sanctions. The sanctions program related to Russia and Ukraine is implemented primarily by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC)—along with the State Department and Commerce Department's Bureau of Industry and Security (BIS)—pursuant to Executive Orders (EOs) issued by the President and legislation passed by Congress. OFAC has laid out additional measures in response to the Russian invasion of Ukraine in a series of new directives and determinations with certain wind-down periods and exceptions authorized through general licenses.

The U.S. sanctions regime is binding on all U.S. persons, including all U.S. citizens and permanent resident aliens regardless of their location, all persons and entities within the United States and all U.S.-incorporated entities and their foreign branches. Non-U.S. persons may also be exposed to secondary sanctions risk if they transact with individuals or entities subject to sanctions—including, if they materially assist, sponsor or provide financial, material or technological support for, or goods or services to or in support of, certain activities, a person whose property and interests in property are blocked. Non-U.S. persons may also expose themselves to liability if they “cause” a violation of U.S. sanctions by unlawfully introducing some U.S. nexus to a prohibited transaction. Violations of U.S. sanctions can lead to significant criminal or civil penalties.

The table annexed to this note lists key entities and individuals named as being subject to U.S. (as well as EU and U.K.) sanctions.

The U.S. sanctions implemented in response to Russia's invasion of Ukraine as of September 18, 2023, include:

- **Specially Designated Nationals (SDNs) designations.** The U.S. administers blocking sanctions through the publication of a list of Specially Designated Nationals and Blocked Persons with whom transactions are prohibited. U.S. persons are prohibited from all direct and indirect dealings with SDNs and must block (i.e., freeze) any property in their possession in which such individuals or entities have any interest. Additionally, individuals on the SDN list are subject to travel restrictions. U.S. designations include, among others:
 - **Individuals and entities operating in, or relevant to, Russia's metals and mining sector or current and future energy needs** (including research institutes where new extraction technologies are developed, companies that facilitate drilling and mining operations, and firms that attract and advise on investment in Russia's energy industry, such as The Fund for Development of Energy Complex Energy);
 - **Defense and war-related enterprises;**
 - **Russian wealth management and financial services** (including major Russian financial institutions);
 - **Russian government officials**, including President Vladimir Putin, Foreign Minister Sergei Lavrov, Defense Minister Sergei Shoigu, Kremlin Press Secretary Dmitry Peskov, and members of the State Duma;
 - **Russian business and political elites;**
 - **Russian-backed media companies;** and
 - **Russian darknet market and virtual currency exchanges.**
- **Comprehensive Embargo on the DNR and LNR.** These sanctions are similar to the 2014 sanctions imposed on the Crimea region following Russia's incursions there and effectively prohibit nearly all U.S.-nexus trade with the DNR and LNR, along with any other regions of Ukraine that may be later added by the Secretary of

the Treasury, in consultation with the Secretary of State (the “Covered Regions”). The sanctions under EO 14065 prohibit (1) new investment by a U.S. person in the Covered Regions, (2) the import into the U.S. of any goods, services or technology from the Covered Regions, (3) the export from the U.S. or by a U.S. person of any goods, services or technology to the Covered Regions and (4) U.S. persons from financing, facilitating or guaranteeing transactions that U.S. persons would be prohibited from engaging in directly.

- **Trade & Investment restrictions.** In addition to the comprehensive trade embargo in place on the DNR and LNR, the U.S. has imposed a series of new trade restrictions and investment bans on numerous segments of the Russian economy:
 - **Oil and gas.** Issued on March 8, 2022, EO 14066 banned the import of Russian-origin oil, liquified natural gas and coal into the United States. In April, U.S. President Biden also signed into law the Ending Importation of Russian Oil Act, which codified the prior ban on Russian oil, gas and coal imports. OFAC has confirmed that, to the extent imports of Russian-origin oil, gas and coal outside of the U.S. do not involve a sanctioned person or otherwise prohibited transaction, non-U.S. persons would not be subject to U.S. sanctions if they continue to import these products to non-U.S. jurisdictions. BIS also extended existing export control restrictions—initially imposed in 2014 in response to the Russian annexation of Crimea—that target Russia’s access to oil and gas refinery equipment. Restrictions on the provision of goods, technology and services (with the exception of financial services) by U.S. persons in support of specified energy projects (e.g., projects run by Lukoil, Gazprom and Rosneft) have been in place since 2014;
 - **High-tech goods.** BIS has imposed restrictions on exports from the U.S. and on foreign items using U.S. equipment, software and blueprints to Russia of high-tech goods, including semiconductors, computers, telecommunications, information security equipment, lasers and sensors;
 - **Materials and Chemicals.** BIS has listed as controlled items a variety of electronics, instruments and advanced fibers for the reinforcement of composite materials, and certain additional chemicals to the Export Administration Regulations;
 - **Luxury goods.** Issued on March 11, 2022, EO 14068 prohibits the export of U.S.-origin luxury goods, including certain spirits, tobacco products, clothing items, jewelry, vehicles and antique goods into Russia;
 - **Seafood, diamonds and alcohol.** Certain U.S. imports of Russian-origin seafood, non-industrial diamonds, alcohol and any other products later designated are prohibited pursuant to EO 14068;
 - **U.S. banknotes.** Exports from the U.S. into Russia of U.S. banknotes are prohibited pursuant to EO 14068.
 - **Russian gold.** On May 24, 2022, the U.S. prohibited the importation of Russian gold, the country’s largest non-energy export, pursuant to a determination under E.O. 14068. Even prior to this new determination, certain gold-related transactions designed to circumvent regulations were sanctionable under U.S. sanctions authorities.
- **Suspension of Normal Trade Relations.** Following the signing by President Biden of the Suspending Normal Trade Relations with Russia and Belarus Act, which denies most-favored nation tariff treatment to Russian and Belarussian products. The United States Trade Representative announced additional tariff increases, including on most Russian-origin metal and mining products, doubling them from 35% to 70%, and certain additional Russian productions to 35%, including chemicals and minerals. These actions are complemented by the 200%

tariff imposed on Russian aluminum implemented between March – April 2023, pursuant to Section 232 of the Trade Expansion Act of 1962, as amended.

- **Ban on new investment and certain services.** Issued on April 6, 2022, EO 14071 prohibits all “new investment” in the Russian Federation by U.S. persons, wherever located, as well as the direct or indirect provision by U.S. persons of any category of services determined by the Secretary of the Treasury, including:
 - **Provision of accounting, trust and corporate formation and management consulting services.** Issued on May 8, 2022, U.S. persons are prohibited from providing certain accounting, trust and corporate formation and management consulting services to any person located in the Russian Federation pursuant to a determination under E.O. 14071.
 - **Provision of architecture or engineering services.** As of June 18, 2023, U.S. persons are prohibited from the export, re-export, sale or supply of architecture services or engineering services to any person located in the Russian Federation pursuant to a determination under E.O. 14071.
 - **Provision of quantum computing services.** Issued on September 15, 2022, U.S. persons are prohibited from providing quantum computing services to any person located in Russia pursuant to a determination under E.O. 14071.
 - **Provision of maritime transport of crude oil.** Issued on November 21, 2022, U.S. persons are prohibited from providing certain services, including trading or commodities brokering, financing, shipping, flagging or customs brokering, to any person located in Russia as they relate to the maritime transport of crude oil pursuant to a determination under E.O. 14071, unless the crude oil is at or below the price cap of \$60 per barrel. The price cap became effective on December 5, 2022.
 - **Provision of maritime transport of petroleum products.** As of February 5, 2023, U.S. persons are prohibited from providing certain services, including, trading or commodities brokering, financing, shipping, flagging or customs brokering, to any person located in Russia as they relate to the maritime transport of petroleum products pursuant to a determination under E.O. 14071, unless such products are at or below the price cap of \$45 per barrel on Discount to Crude petroleum products and \$100 per barrel on Premium to Crude petroleum products.
- **Sectoral sanctions.**
 - **Architecture, Engineering, Construction, Manufacturing and Transportation Sanctions.** A sectoral determination pursuant to E.O. 14024 authorized the imposition of sanctions on individuals or entities determined to be operating or having operated in the architecture, engineering, construction, manufacturing and transportation sectors of the Russian economy.
 - **Metals and Mining Sectoral Sanctions.** A sectoral determination pursuant to E.O. 14024 authorized the imposition of sanctions on individuals or entities determined to be operating in the metals and mining sector of the Russian economy.
 - **Quantum Computing.** On September 15, 2022, a sectoral determination pursuant to E.O. 14024 authorized the imposition of sanctions on individuals or entities determined to be operating in the quantum computing sector of the Russian economy.
 - **Financial services sector.** A sectoral determination pursuant to E.O. 14024 authorized the imposition of sanctions on individuals or entities determined to be operating in the financial services sector of the Russian economy.

- **Aerospace, electronics, and marine sectors.** On March 31, 2022, a determination pursuant to EO 14024 authorized the imposition of blocking sanctions on persons determined to be operating in the aerospace, electronics and marine sectors of the Russian economy.
- **Accounting, trust and corporate formation and management consulting services sectors.** A sectoral determination pursuant to E.O. 14024 authorizes the imposition of sanctions on individuals and entities that operate or have operated in the accounting, trust and corporate formation services or management consulting sectors of the Russian economy.
- **Financial restrictions.**
 - **Russian sovereign debt restrictions.** Directive 1A under EO 14024 prohibits U.S. financial institutions from dealing in the secondary market for new ruble or non-ruble denominated bonds issued by Russia's Central Bank, National Wealth Fund and Ministry of Finance. While U.S. financial institutions were previously banned from participation in the primary market for new debt issued by these entities, the restrictions now apply to secondary market trading activities for bonds issued after March 1, 2022;
 - **Correspondent and payable-through account restrictions.** Directive 2 under EO 14024 imposes correspondent and payable-through account restrictions (CAPTA) restrictions on the Public Joint Stock Company Sberbank of Russia and its foreign financial institution subsidiaries (listed in Annex 1 to the Russia-related CAPTA Directive). These sanctions required U.S. financial institutions to close, before March 26, 2022, any correspondent and payable-through accounts and reject future transactions involving Sberbank and its subsidiaries;
 - **New debt and equity restrictions.** Similar to previous Directives imposing sectoral sanctions related to Ukraine, Directive 3 under EO 14024 prohibits U.S. persons from all transactions in, provisions of financing for, and other dealings in new debt of longer than 14 days maturity and new equity issued by listed entities on or after March 26, 2022. OFAC may also add additional entities under Directive 3. Newly added entities will be subject to prohibitions on new debt and equity 30 days after OFAC makes its determinations; and
 - **Restrictions on transactions with Russia's Central Bank, National Wealth Fund and Finance Ministry.** Directive 4 under EO 14024 prohibits U.S. persons from engaging in any transactions involving Russia's Central Bank, National Wealth Fund and Ministry of Finance, including any transfer of assets to or foreign exchange transaction for or on behalf of these entities. Directive 4 was implemented in accordance with the joint announcement on February 26, 2022, with the European Commission, France, Germany, Italy, the U.K. and Canada. The effective result is that any assets of these entities that are held in U.S. financial institutions are immediately frozen, and financial institutions outside the U.S. that hold U.S. dollars for these entities are unable to disburse those funds.
- **Airspace restrictions.** On March 1, 2022, the U.S. announced that it would block all Russian aircraft and airlines from entering U.S. airspace. The move came after Europe and Canada imposed similar restrictions.
- **Travel and visa restrictions.** Visa restrictions have been placed on thousands of members of Russia's military and certain members of the Belarusian military. The U.S. Department of State has also designated Russian military, defense and government officials for their involvement in serious human rights abuse.

The U.S. has also imposed sanctions on Belarus for its role in supporting the Russian invasion. BIS imposed restrictions, similar to those placed on Russia, on certain exports to Belarus, including oil and gas production, commercial and

industrial items, and chemical and biological precursors, along with high-tech goods and luxury goods. OFAC also designated several Belarusian individuals for their support of the Russian invasion of Ukraine. In February 2023, BIS also imposed new export control measures on Iran to address the use of Iranian Unmanned Aerial Vehicles (UAVs) by Russia, by imposing license requirements for a subset of generally low-technology items, including semiconductors, that are destined for Iran, regardless of whether a U.S. person is involved in the transaction.

In addition to new sanctions, OFAC has issued a number of general licenses that authorize transactions otherwise prohibited by U.S. sanctions. These include wind-down periods for some restrictions and exceptions for certain categories of transactions or with certain individuals or entities. On June 23, 2023, OFAC and the U.K. Office of Financial Sanctions Implementation (OFSI), released a joint fact sheet on humanitarian assistance and food security, which provides an overview of the applicable authorizations and exemptions for those engaged in agricultural trade or the provision of medical supplies and assistance.^[6] This updates OFAC's April 19, 2022, fact sheet on the applicable authorizations and exemptions for agricultural trade, access to communications, and other support to those impacted by the war in Ukraine.

U.S. officials have underscored their commitment to enforce U.S. sanctions imposed in response to Russia's invasion of Ukraine. Announced on March 2, 2022, the KleptoCapture Task Force is an interagency task force dedicated to enforcement of the U.S. measures imposed in response to Russia's invasion of Ukraine, including sanctions, export restrictions and economic countermeasures. Another initiative launched in March—the Russian Elites, Proxies and Oligarchs (REPO) Task Force—is a multilateral partnership between the U.S. and its allies in Australia, Canada, Germany, France, Italy, Japan, the U.K. and the European Commission to target the assets of Russian oligarchs to inflict maximum pain on those close to the Putin regime. As of March 9, 2023, the REPO Task Force has blocked more than \$58 billion worth of sanctioned Russian assets in financial accounts and economic resources, immobilized about \$300 billion worth of Russian Central Bank assets, seized yachts and luxury real estate and taken steps to restrict Russia's access to the global financial system.

Additionally, over the past year, U.S. government agencies have issued three joint alerts highlighting common tactics used by illicit actors to evade Russia and Belarus-related sanctions and export controls.

- First, in June 2022, the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) and BIS issued a joint alert urging financial institutions to be vigilant against efforts by individuals or entities to evade BIS export controls implemented in connection with Russia's invasion of Ukraine. The alert provided financial institutions with a list of commodities of concern for possible export control evasion and select transactional and behavioral red flags to assist financial institutions in identifying suspicious transactions relating to possible export control evasion.
- Second, in March 2023, BIS, OFAC and the Department of Justice issued a compliance note directed at financial institutions, which again identified common red flags that can indicate a third-party intermediary may be engaged in efforts to evade sanctions or export controls, identified best practices to ensure proper compliance with sanctions and export control restrictions, and highlighted certain recent civil and criminal enforcement actions.
- Third, in May 2023, FinCEN and BIS issued a supplemental alert reinforcing ongoing U.S. Government actions being taken to hinder Russia's war efforts. The alert further details evasion typologies, additional

transactional and behavioral red flags to assist financial institutions in identifying suspicious transactions relating to possible export control evasion and highlights nine high priority product items to inform best due diligence practices.

EU Sanctions

In the EU, decisions on the adoption of sanctions are taken by the Council of the European Union on the basis of proposals from the High Representative of the Union for Foreign Affairs & Security Policy. The High Representative together with the European Commission seek to give effect to these decisions by submitting joint proposals for Council regulations, which are then adopted by the Council. The Commission also oversees member-state implementation of EU sanctions regimes.

In addition, member states of the EU are permitted to introduce their own sanctions regimes against third countries. Several EU sanctions have involved or been presaged by similar actions by particular EU member states, notably those concerning the prohibition of Russian aircraft or the use of airspace. The SWIFT sanctions have also been imposed via groups of EU member states and other countries acting together.

Scope Of Sanctions

The *territorial scope* of the EU's Russian sanctions is broad. The sanctions typically apply: (1) within the territory of the EU, including its airspace; (2) on board any aircraft or vessel under the jurisdiction of an EU member state; (3) to EU nationals, wherever they are located; (4) to any legal entity incorporated under the law of an EU member state, whether that entity is situated inside or outside the EU; and (5) to any legal entity in respect of business done in whole or in part within the EU.

Members of the European Parliament have unanimously voted that all sanctions against Russia should also be mirrored for Belarus, in light of its support for the Russian campaign against Ukraine. To this end, the EU further extended sanctions against Belarus in August 2023, including extending existing export bans to a range of goods, technologies, weapons and ammunition that may be used for military or technological purposes, or in the aviation or space industry. The EU has begun extending export bans to specific third-country entities believed to be supporting Russia's war efforts, including entities in Iran, Armenia, Hong Kong, Syria, the United Arab Emirates and Uzbekistan. The European Council is now empowered to introduce restrictions on the sale of dual-use goods and technology (and other goods that might contribute to Russia's military) to third countries that are shown to represent a particularly high risk of being used for the circumvention of sanctions. As at the date of publication of this note, no third countries have been targeted by such sanctions.

The table annexed to this note lists key entities and individuals named as being subject to EU (as well as U.S. and U.K.) sanctions.

Sanctions Measures

EU sanctions against Russia include the following categories of measures:

- **Asset freezes**, prohibiting the provision of funds or economic resources to sanctioned individuals (who are named in Annexes to [Council Regulation \(EU\) No 269/2014](#)). There is a delay between the announcement of new asset freeze targets in the EU Official Journal and the updating of consolidated Annexes in [Council Regulation \(EU\) No 269/2014](#), so it is advisable also to track the EU Official Journal updates. The EU adds to the list of designated individuals and entities on an ongoing basis. Entities that are not themselves named as being subject to asset freeze sanctions under [Council Regulation \(EU\) No 269/2014](#), but are owned or controlled by named entities, may effectively be subject to sanctions—the question of ownership or control should be assessed on a case-by-case basis. Similarly, entities who are listed as being “associated” with named entities under [Council Regulation \(EU\) No 269/2014](#) are not themselves sanctioned, but the highest caution should be exercised when dealing with such persons or entities, as they may be captured by sanctions by virtue of their ownership or control. Further information can be found in the EU’s [FAQs on Asset freeze and prohibition to provide funds or economic resources](#).
- **Financial services restrictions:**
 - prohibiting dealings in transferable securities^[7] and money-market instruments issued by sanctioned entities, as well as other categories of related entities (e.g., non-EU entities that are more than 50% owned by the sanctioned entity). The prohibition also applies to certain securities and instruments issued by the Russian government and Russian Central Bank;
 - prohibiting the provision of any crypto-asset wallet, account or custody services;
 - restricting sanctioned entities’ ability to access EU capital markets;
 - banning the listing and provision of services in relation to the shares of Russian or Belarusian State-owned entities on EU trading venues;
 - significantly limiting financial inflows from Russia or Belarus to the EU by prohibiting: (i) the acceptance of deposits exceeding certain values from Russian nationals, residents or legal entities established in third countries that are majority-owned by Russian nationals or residents; (ii) the holding of Russian-client accounts by EU central securities depositories; as well as (iii) the selling of Euro-denominated banknotes or securities to Russian or Belarusian clients;
 - prohibiting investment or participation in projects co-financed by the Russian Direct Investment Fund, as well as transactions related to the management of assets and reserves of the Russian Central Bank and the Belarusian Central Bank;
 - prohibiting support, including financial assistance, to Russian publicly-owned or controlled entities;
 - prohibiting the use of SWIFT by specified Russian and Belarusian entities; and
 - prohibiting the provision of credit rating services to Russian individuals or entities.
- **Trade restrictions** on a range of goods, including:
 - a ban on the import, purchase or transfer of Russian gold (including jewelry);
 - export bans on dual-use goods and technology, critical technology and military goods. The EU has particularly ramped up sanctions on these products in recent months, with a host of restrictions imposed on products such as electronics, spare parts for military equipment, semiconductor materials and goods for the construction sector that can be directed to the Russian military;
 - import restrictions on coal and other solid fossil fuels. The EU began phasing out Russian crude oil imports into the EU in December 2022, with refined products following in February 2023. Certain

- exceptions have been agreed, for example for imports of crude oil via pipeline, which are crucial for EU states such as Hungary. Engaging in transactions with Russian public entities is otherwise prohibited;
- a ban on insuring ships carrying Russian oil. This took effect in December 2022. The EU has also introduced restrictions on shipments of oil and petroleum products in line with the G7 Price Cap Coalition (discussed above);
 - a prohibition on the sale, license or transfer of intellectual property rights or trade secrets related to goods and technology subject to Russian sanctions.
- **Professional services restrictions** on the provision of accountancy, management consultancy, public relations, architectural, engineering, IT consultancy, advertising, market research, public opinion polling and legal advisory services to the Government of Russia or Russian companies.
 - **Maritime and transport restrictions**, prohibiting vessels registered under the Russian flag from accessing EU ports and locks, as well as the transportation of goods by road within the EU by Russian and Belarusian haulage companies. Certain goods are now prohibited from being transported from the EU via Russia, including jet fuel and fuel additives and goods and technology that may contribute to Russia's military enhancement or its defense and security, aviation or space sectors. The EU has placed a number of Russian airlines on its EU Air Safety List in response to Russia's seizure and operation of foreign-owned aircraft without valid certificates of airworthiness. The EU Air Safety List is not a sanctions measure, but means that the listed airlines will not be permitted to enter EU airspace.
 - **Media restrictions**, restricting access to Russian state-owned media, including RT (Russia Today) and Sputnik News.
 - **Diplomatic measures**, such as prohibiting Russian diplomats and other officials from benefiting from visa facilitation provisions.

Exemptions

A range of *exemptions* exist, including to permit member states to release frozen funds or resources in certain limited circumstances, such as where necessary to satisfy basic needs such as foodstuffs or medicines or for payment of reasonable professional fees. The EU has clarified that none of its sanctions are intended to target trade between Russia and third countries in food, agricultural products (including fertilizers) or pharmaceutical and medical products.

The EU ban on transactions with Russian public entities is subject to a range of exemptions, including where a transaction is strictly necessary to ensure access to legal or administrative proceedings or for the purchase, import or transfer of oil or refined petroleum products from or through Russia. The oil and petroleum product exemption is subject to the ban on imports of those products in December 2022 / February 2023.

Penalties

Penalties for breaches of EU sanctions are currently imposed and enforced at a member state level. The European Commission monitors the enforcement of sanctions by member states and can launch an infringement procedure against a member state it perceives has failed to comply with its EU law obligations. In November 2022, the EU announced that

violation of sanctions would become an “EU crime.” The effect will be to harmonize the enforcement of sanctions across the Union and discourage circumvention of sanctions. The European Commission has published a directive^[8] setting out the scope and penalties of the new criminal offence, which will include a maximum penalty for individuals of at least five years’ imprisonment and, for companies, fines or exclusion from public benefits. The EU expects the directive to be finalized in 2023.

UK Sanctions

The U.K. has historically operated its own sanctions regime, which was distinct from, and often more far-reaching than, that of the EU. The U.K.’s overarching domestic sanctions regime is established under the Sanctions and Anti-Money Laundering Act 2018, which grants the U.K. government wide-ranging powers to introduce and enforce new sanctions.

Scope Of Sanctions

U.K. sanctions are binding on: (i) individuals and legal entities within (or undertaking activities in) the U.K.; (ii) U.K. persons (U.K. nationals and entities incorporated under the law of the U.K.) wherever they may be in the world; and (iii) individuals who are citizens of a British Overseas Territory (U.K. Persons). They include financial sanctions, described in further detail below, as well as trade, immigration and aircraft and shipping sanctions. *The full and current list of sanctioned persons (including those sanctioned prior to February 2022) under the U.K. sanctions regime can be found on the [U.K. Sanctions List](#).*

Sanctions have been extended to non-Russian individuals and entities found to be supporting the Russian war effort. On August 8, 2023, U.K. Foreign Secretary James Cleverly announced the U.K.’s biggest ever action against third-country military suppliers, imposing new sanctions on 22 individuals and businesses in countries such as Turkey, Dubai, Slovakia and Switzerland. Ongoing updates mean sanctions lists should be checked regularly. Some financial sanctions (e.g., investment bans and asset freezes) are also targeted at categories of firms or individuals which are not specifically designated but should be considered in addition to those named on the U.K. sanctions lists.

The table annexed to this note lists key entities and individuals named as being subject to U.K. (as well as EU and U.S.) sanctions. You can search for financial sanctions applicable to a particular entity or individual using the U.K. government’s [consolidated list search tool](#). The search tool shows information relating to asset freeze and investment ban targets across all U.K. financial sanctions regimes.

Sanctions Measures

The relevant U.K. financial sanctions in place as of September 18, 2023 include:

- **Asset freezes**, which prohibit U.K. Persons from dealing with assets belonging, or making funds or other assets or economic resources available, to the named individuals and entities (including entities they own or control) or specified types of individuals or entities or engaging in actions that circumvent those prohibitions. *The U.K. Government’s [U.K. Sanctions List](#) shows entities and individuals subject to asset freezes.* The asset freezes also apply to entities owned or controlled by a designated person, even though these entities may not be designated in their own right and so may not appear on the list of designated entities. There is no list of

such entities, meaning they must be assessed on a case-by-case basis, but OFSI has published [general guidance](#) and [FAQs](#) on the meaning of ownership or control in these circumstances as well as [Monetary Penalty and Enforcement Guidance](#), which confirms (amongst other things) that where a sanctions breach occurs based on an incorrect assessment of ownership and control, the conduct of appropriate prior due diligence may be a mitigating factor, where a reasonable conclusion on ownership and control was drawn in good faith. Specific licenses may be obtained to conduct activities which would otherwise be prohibited by the asset freezes, for instance to enable the basic needs of a designated person to be met, to permit reasonable professional fees for legal services to be paid or to enable an extraordinary situation to be dealt with.

- **Travel bans** on the majority of individuals subject to a U.K. asset freeze (with certain exceptions, e.g., President Putin and Foreign Minister Lavrov), preventing them from leaving or remaining in the U.K. from the date they are designated as a sanctioned person. *The [U.K. Sanctions List](#) notes where individuals are subject to travel bans.*
- **Investment bans**, namely:
 - *against key Russian industries* previously targeted in response to Russia's annexation of Crimea in 2014, covering *11 Russian entities*, shown on the U.K. Government's [list of persons named in relation to financial and investment restrictions](#). The bans are designed to inhibit access to investment for strategic Russian industries, such as oil and gas. U.K. Persons are prohibited from dealing in certain securities issued by those 11 entities since 2014, or issued by U.K.-incorporated entities they own or control on or after March 1, 2022, including by providing investment services relating to such securities;
 - *against key Russian state institutions* as well as any persons owned or controlled by, or acting on behalf of, those institutions. The restrictions prevent U.K. Persons from dealing in or offering financial and brokering services in respect of securities issued by those entities on or after March 1, 2022;
 - *against persons connected with Russia* (i.e., persons located, ordinarily resident, incorporated, constituted or domiciled in Russia), preventing U.K. Persons from dealing in certain securities issued by such persons (or entities they own or control) on or after March 1, 2022, including by providing investment services relating to such securities;
 - *against outward investment in Russia*, prohibiting U.K. Persons from acquiring ownership over Russian land or over entities connected with Russia, as well as banning the establishment of joint ventures in Russia, the opening of Russian offices or subsidiaries, or providing investment services in respect of any of these activities. Specific licenses may be obtained to conduct activities that would otherwise breach the investment ban, including (for example) to enable an extraordinary situation to be dealt with, to enable humanitarian assistance to be performed or to enable medical goods or services to be supplied to civilians; and
 - *in respect of Crimea, the DNR and LNR and Russian-controlled parts of Kherson and Zaporizhzhia*, relating to Russia's annexation of Crimea in 2014, subsequent recognition of the DNR and LNR as independent states, and invasion of Kherson and Zaporizhzhia, prohibiting investment in land or commercial opportunities in the region. Specific licenses may be obtained to conduct activities that would otherwise breach the investment ban, including (for example) to enable consular post functions in those regions to be conducted, to enable projects supporting hospital or civilian education establishments in those regions to be conducted or to facilitate the provision or maintenance of medical appliances or equipment in those regions.

- **Financial services restrictions**, namely:
 - **loan and credit arrangements:** a prohibition on entering such arrangements with: (1) a maturity of more than 30 days with certain sanctioned entities (and entities they own); (2) a maturity of more than 30 days with persons connected with Russia (and entities they own); or (3) any maturity with the Russian government. Making resources available to enable another entity to make such loans is also prohibited, as is any loan or credit arrangement made for the purposes of making investments in relation to Russia. Specific licenses may be obtained to conduct activities that would otherwise breach the restriction, including (for example) to enable the performance of humanitarian assistance activity, provide medical goods or services for civilians and to produce or distribute food for the benefit of civilians;
 - **transferable securities and money market instruments:** a prohibition on dealing with such products with: (i) a maturity of more than 30 days issued by certain sanctioned entities (and entities they own); (ii) any maturity, if it is issued by persons connected with Russia (and entities they own) or by or on behalf of the Russian government; and (iii) any maturity issued on or after 16 December 2022 by a person (other than an individual) not connected with Russia for the purpose of making investments in relation to Russia;
 - **correspondent banking relationships:** a prohibition on such relationships between U.K. credit or financial institutions and designated persons (currently only Sberbank) or any other financial institutions owned or controlled by such persons. Specific licenses may be obtained to conduct activities that would otherwise breach the restriction, including (for example) to enable the basic needs of designated persons to be met, to enable the payment of reasonable professional fees for the provision of legal services to a designated person or to enable a financial authority to exercise its functions; and
 - **foreign exchange reserves and asset management:** a prohibition on the provision of financial services related to key Russian state institutions, as well as any persons, owned or controlled by, or acting on behalf of, such persons. Specific licenses may be obtained to conduct activities that would otherwise breach the restriction, including (for example) to enable humanitarian activity, to enable a financial authority to exercise its functions or to enable activity to be conducted to protect or enhance U.K. financial stability.

A similar sanctions regime is also in place for Belarusian state and privately-owned entities.

Various other measures affecting financial markets have been introduced in the U.K, including:

- a ban on exporting Sterling or Euro banknotes to Russia or making those currencies available to, or for use in, Russia or persons connected with Russia;
- a ban on U.K. government-backed guarantees, loans or insurance for exports to Russia and Belarus;
- U.K. support for international moves to ban Russian banks from SWIFT;
- a suspension of the requirement on the Bank of England to recognize resolution actions in respect of sanctioned persons (which limits regulators' ability to manage the failure of financial institutions);

- restrictions on crypto-asset exchanges and custodian wallet providers, including a requirement to inform the Treasury of any dealings they may have with designated persons.

Other sanctions measures imposed by the U.K. include:

- an *airspace restriction* preventing all Russian air traffic from operating in U.K. airspace;
- *maritime restrictions* and restrictions on the *use of U.K. aviation and maritime technical services*;
- *trade restrictions* on a wide range of goods including:
 - military, dual-use (i.e., with both civilian and military applications) and other ‘critical-industry’ goods and technology; this list has been expanded in recent months to include products such as oil production and mining equipment. On 24 February 2023, the U.K. announced an export ban on every item that Russia has been found using on the battlefield to date, including aircraft parts and radio equipment, although legislation implementing the ban has not yet been published;
 - maritime goods and technology;
 - materials that are key to Russia’s *manufacturing and heavy machinery sectors* e.g., chemicals, plastics, rubber and machinery;
 - energy products, including coal and coal products, liquefied natural gas and oil and oil products. In accordance with the G7 Price Cap Coalition, a U.K. Person is also banned from shipping certain Russian-origin oil products from Russia to a third country, or between third countries, unless the third country importing the oil purchases it below a certain price. The U.K. government has published guidance^[9] on the application of the oil price cap;
 - oil refining goods and technology;
 - jet fuel and fuel additives;
 - quantum computing goods and technology;
 - a range of luxury goods;
 - gold, or gold that has been processed in a third country but includes gold originating in or exported from Russia. This includes Russian-origin gold jewelry; and
 - iron and steel products. From September 30, 2023, this ban will be extended to iron and steel products processed in third countries.
- restrictions on the *provision of services*, including:
 - *insurance services* (which notably include a ban on the provision of insurance for Russian gold imports);
 - *trust services*, which include creating, operating or managing a trust or “similar arrangement,” acting as a trustee or providing an office address for the trust. Specific licenses may be obtained for the provision of trust services that would otherwise breach the restriction, for example to enable anything to be done to deal with an extraordinary situation, to enable humanitarian activities to be performed or to enable medical goods or services to be supplied for civilians; and
 - *certain professional services*, namely a ban (applicable to firms established in the U.K., or U.K. firms operating overseas) on providing accountancy, auditing, management consultancy, public relations, advertising, architectural, engineering or IT consultancy and design services. The U.K. government has also implemented a ban on the provision of legal services for non-contentious matters (e.g., commercial

transactions) to non-U.K. persons in relation to various activities that are subject to the trade and financial sanctions referred to above.

- *import tariffs* (additional 35% duty payable) for imports of key products from Russia and Belarus, including electrical machinery/equipment, metals (e.g., iron, steel, copper, aluminum, lead, platinum and palladium), ships, works of art and antique and certain dry foods and spirits;
- *trading in the shares of certain companies* on the London Stock Exchange (e.g., Lukoil, Sberbank, VTB, Gazprom and Rosneft) has been suspended. Separately, the Moscow Stock Exchange is no longer a recognized stock exchange for U.K. tax purposes, meaning those trading securities listed on MOEX acquired on or after May 5, 2022 will not be able to utilize certain U.K. tax benefits. MOEX-listed securities purchased prior to this date will not be impacted by the changes.
- *Social media and internet access* service providers are now required to take reasonable measures to restrict U.K. users from interacting with online content created by sanctioned individuals.

Licenses

General licenses can be granted by OFSI, which permits the conduct of activities for a limited period of time that would otherwise be prohibited by the sanctions. These are intended to allow firms to wind down their transactions and affairs with sanctioned entities and individuals in an orderly way. OFSI has granted an indefinite license permitting certain public bodies and regulators (e.g., the National Crime Agency, Serious Fraud Office, Her Majesty's Revenue and Customs, the U.K. police force and the U.K. Financial Conduct Authority) to carry out certain activities, including in pursuit of investigating and recovering proceeds of crime.

OFSI has published a General License permitting, until October 28, 2023, the payment and processing of payments to or by non-designated persons of professional legal fees, counsel's fees and/or expenses (which are defined broadly in the General License) in respect of legal services (other than relating to defamation or malicious falsehood) performed for Russian designated persons subject to an asset freeze. The General License is subject to a total cap of £1,000,000 for legal and counsel's fees and the lower of either 5% of legal and counsel's fees or £50,000 for expenses. That total amount is further divided into a maximum cap of £500,000 in fees and £25,000 (or 5% of fees) in expenses applicable to an obligation entered into by the designated person prior to the date of their designation (so-called "prior obligations"), with the same thresholds applying to "non-prior" obligations. There is a further general license, issued by the Department for Business and Trade, which authorizes the provision of legal advice in connection with sanctions. This license is generally regarded as necessary for any law firm based in the U.K. which provides advice on the scope or implications of non-U.K. sanctions, including U.S. or EU sanctions, and requires the law firm to register with the Department of Business and Trade within 30 calendar days of the first use of the license, in order to take advantage of it.

A range of licenses exist for activities that would otherwise breach asset freeze sanctions. For example:

- until October 16, 2023, payments by designated persons, and the processing of such payments by U.K.-regulated financial services firms, are permitted for gas and electricity supplies to U.K. properties owned or rented by designated persons;

- until November 10, 2023, non-designated persons are permitted to use the retail banking services of designated credit or financial institutions, and U.K.-regulated financial services firms can process those payments, provided that the payments do not exceed £50,000 for the duration of the license;
- until November 21, 2023, payments are permitted to U.K. persons by designated persons in satisfaction of contractual obligations which arose prior to designation, where payment is for the benefit of U.K. persons and the total value of the payment does not exceed £200,000 (including VAT). Certain contracts are excluded from the General License e.g., bonds, derivatives, credit default swaps and professional legal fees.

Some licenses require the license user to report on its use to HM Treasury. OFSI publishes a [list of General Licenses](#), as well as a [list of expired General Licenses](#), which should be checked when considering whether sanctions apply.

Specific licenses may be issued in respect of a range of sanctioned activities, permitting actions to be taken that would otherwise breach sanctions. Those wishing to rely on a specific license must apply to OFSI to do so, using the [OFSI license application form](#). There are a range of purposes for which the licenses may be granted, including: where necessary for the provision of humanitarian assistance; for activities conducted by or on behalf of financial regulators for the purposes of their regulatory functions; in relation to actions taken to protect U.K. financial stability and anything done to deal with an “extraordinary situation;” to enable the basic needs of a designated person to be met; to permit reasonable professional fees for legal services to be paid; to enable medical goods or services to be supplied to civilians; to produce or distribute food for the benefit of civilians; or to conduct certain activities in non-government controlled Ukrainian territory. The purposes for which a license may be granted will depend on the particular activity being conducted, as indicated above under “Sanctions measures.”

A 2019 Cayman Islands case, *Palladyne International Asset Management B.C. v Upper Brook (A) Ltd. & Ors*, also determined that directors of a company whose assets (which included shares in the company) were subject to an asset freeze were permitted to exercise their voting rights in order to remove a director. As a British Overseas Territory, the Cayman Islands have adopted the U.K.’s sanctions regime, so the decision provides a useful interpretation of U.K. sanctions.

Penalties

A breach of the U.K. financial, trade or transport sanctions regimes constitutes a criminal offence. U.K. Government agencies monitor compliance with sanctions and can refer cases to law enforcement agencies for prosecution. In certain cases, monetary penalties can also be imposed (including for breaches of financial and trade sanctions).

OFSI can now impose penalties for breaches of financial sanctions on a strict liability basis, meaning liability can be incurred even where the firm or individual in question has no knowledge or suspicion that their actions constitute a sanctions breach. OFSI is also empowered to publish Disclosure Notices detailing financial sanctions breaches that are not serious enough to justify a civil monetary penalty.

Action Required By Regulated Firms And OFSI Reporting

Certain firms, including those with permission to conduct regulated activities in the U.K., must *notify HM Treasury as soon as possible* if, based on information gleaned while conducting their business, they *know or have reasonable cause to suspect* that a person is a *designated person or has committed an offense* by breaching the financial sanctions. If the

designated person is a customer of the firm, it should also state the *nature and amount of funds or economic resources* held by it at the time it came to suspect the designated person.

The U.K. Financial Conduct Authority (FCA) has published a [Policy Statement](#) on the steps that authorized fund managers (AFMs) should take to protect investors where funds are impacted by the war. From July 11, 2022, AFMs are allowed to separate affected investments into “side pockets”, enabling investors to continue investing in, and benefiting from, the fund’s unaffected assets. AFMs will continue to manage the side pocket assets in line with the FCA’s Policy Statement and aim to terminate that class of assets at the most opportune time.

The FCA has published [guidance](#) on good practice and areas of improvement for financial services firms’ sanctions systems. Good practice includes taking a proactive approach to identifying sanctions exposure to Russia, employing appropriate and effective sanctions screening systems and calibrating sanctions tools to ensure they accurately identified sanctioned entities and individuals.

Other UK Measures

The U.K. government has enacted the Economic Crime (Transparency and Enforcement) Act 2022, which (amongst other things) increases transparency in the ownership of U.K. property and businesses. The Cabinet Office has also asked all public sector organizations to review their contracts to identify any with Russian and Belarusian companies and, if possible, switch suppliers and/or pursue any legal routes of canceling them.

The U.K. government has considered imposing limits on the level of deposits Russian nationals may hold in U.K. banks (expected to be set at £50,000), but no provision has yet been implemented in legislation.

Multilateral Measures

As mentioned above, 14 banks have been removed from SWIFT in response to the Russian invasion. Such a ban is a rare step, which will affect their ability to operate in the global financial system. The only other countries whose institutions have been blocked previously from SWIFT are Iran and North Korea.

The additional commitments announced in the G7’s [joint statement](#) on March 11, 2022, including denying Russia its *most-favored-nation status* at the World Trade Organization and closing loopholes and methods for evasion, including cryptocurrency, have been implemented. On February 24, 2023, the G7 countries renewed their commitment to inhibiting Russia’s war effort, including taking action against third-countries that materially support the Russian invasion and further measures to block Russian access to military and manufacturing materials. Many countries, including the EU and U.K., stepped up their sanctions regimes on the same date and have indicated their willingness to go further as and when necessary.

+ Footnotes

[1] See our client note, [US, EU and UK Increase Pressure on Russia with Further Sanctions](#), August 10, 2022.

[2] See our client note, [US, EU and UK Expand Russian Sanctions Amid Ongoing Ukraine Conflict](#), April 27, 2022.

[3] See our client note, [US, EU and UK Target Russia with New Sanctions as Ukraine Invasion Escalates](#), March 22, 2022.

[4] See the EU's guidance, [EU sanctions against Russia explained](#).

[5] See the U.K. Government press release, [New sanctions ban every item Russia is using on the battlefield](#), February 24, 2023.

[6] See the OFSI/OFAC fact sheet, [Humanitarian Assistance and Food Security Fact Sheet: Understanding UK and U.S. Sanctions and their Interconnection with Russia](#).

[7] The definition of "transferable securities" includes crypto assets. See [Council Regulation 2022/394](#), Article 1.

[8] See the EU's press release, [EU sanctions: Council finalizes position on law that aligns penalties for violations](#), June 9, 2023.

[9] See [OFSI Industry Guidance - Maritime Services Prohibition and Oil Price Cap](#), June 2023.

Authors and Contributors



THOMAS DONEGAN
PARTNER

Financial Institutions Advisory &
Financial Regulatory
+44 20 7655 5566
London



KATHERINE J. STOLLER
PARTNER

Litigation
+1 212 848 5441
New York



BARNABAS REYNOLDS
PARTNER

Financial Institutions Advisory &
Financial Regulatory
+44 20 7655 5528
London



DANFORTH NEWCOMB
OF COUNSEL

Litigation
+1 212 848 4184
New York



ALICIA ROSE
ASSOCIATE

Litigation
+1 212 848 4514
New York



GABRIELLE LEEMAN
ASSOCIATE

Litigation
+1 202 508 8048
Washington DC



CHLOE BARROWMAN
PROFESSIONAL SUPPORT
LAWYER

Financial Institutions Advisory &
Financial Regulatory
+44 20 7655 5136
London



PAULA HOWELL ANDERSON
PARTNER

Litigation
+1 212 848 7727
New York



MICHAEL J. WALSH, JR.
PARTNER

Litigation
+1 202 508 8130
Washington DC



JENNIFER YOUNAN
PARTNER

International Arbitration
+33 1 53 89 48 04
Paris



MATTHEW SKINNER
PARTNER

International Arbitration
+44 20 7655 5797
+65 6230 3800
London



JONATHAN SWIL
PARTNER

Litigation
+44 20 7655 5725
London



ELISE EDSON
COUNSEL

International Arbitration
+33 1 53 89 70 00
Paris



CHRISTOPHER L. LAVIGNE
PARTNER

Litigation
+1 212 848 4432
New York



CHRIS COLLINS
ASSOCIATE

Litigation
+44 20 7655 5688
London



KRISTINA KILLICK
ASSOCIATE

Financial Institutions Advisory &
Financial Regulatory
+44 20 7655 5783
London



OLIVIA MERRETT
ASSOCIATE

Financial Institutions Advisory &
Financial Regulatory
+44 20 7655 5146
London

PRACTICES

Litigation
Financial Institutions Advisory &
Financial Regulatory

REGIONAL EXPERIENCE

North America
Europe

KEY ISSUES

Sanctions

White Collar Defense &
Investigations
International Arbitration
Public International Law