

Sale of securities denominated in an official currency of a Member State (Article 5f)

FREQUENTLY ASKED QUESTIONS – AS OF 19 April 2022

Article 5f(1) of [Council Regulation \(EU\) 833/2014](#) prohibits the sale of transferable securities denominated in any official currency of a Member State issued after 12 April 2022 or units in collective investment undertakings providing exposure to such securities, to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia. Article 5f(2) provides that this prohibition shall not apply to nationals of a Member State or natural persons having a temporary or permanent residence permit in a Member State

- 1. Does the prohibition in Article 5f of [Council Regulation 833/2014](#) apply to transferable securities issued by private companies as well or should it should be interpreted as only referring to transferable securities issued by public companies?**

The prohibition laid down in Article 5f of [Council Regulation 833/2014](#) applies to transferable securities issued by both public and private companies after 12 April 2022. The purpose of this provision is to avoid the circumvention of other refinancing prohibitions laid down in the Regulation by limiting the access of any natural or legal person, entity or body in Russia to securities denominated in the official currency of a Member State.

- 2. Does the prohibition in Article 5f of [Council Regulation 833/2014](#) cover the sale of transferable securities to non-Russian entities that are owned by a Russian national or natural person residing in Russia?**

The prohibition in Article 5f only applies to the sale of transferable securities to Russian nationals or natural person residing in Russia or any legal person, entity or body established in Russia. Strictly speaking, it 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, the provision should be read in conjunction with Article 12 of [Council Regulation 833/2014](#) which prohibits to participate knowingly and intentionally in activities the object or effect of which is to circumvent prohibitions in the Regulation. EU operators should 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.

- 3. Does the prohibition in Article 5b of [Council Regulation 833/2014](#) apply to the sale of units in collective investment undertakings whose portfolio includes, after 12 April**

2022, newly issued transferable securities denominated in an official currency of a Member State, regardless of the percentage they represent of the fund's assets?

This prohibition applies irrespective of the percentage of transferable securities issued after 12 April 2022 denominated in an official currency of a Member State. In other terms, any ownership, investment or "exposure" to transferable securities issued after 12 April 2022 by units in collective investment undertakings brings such units in collective investment undertakings within the scope of the prohibition.

4. Where a unit-holder owns units in a collective investment undertaking with exposure to transferable securities within the scope of Article 5f(1), does the prohibition in Article 5f(1) cover the situation where the unit-holder sells its units to persons in scope of the prohibition, i.e. where the units are already pre-existing?

Yes it covers this situation, if the units provide exposure to transferable securities denominated in any official currency of a Member State issued after 12 April 2022.

5. Does the prohibition in Article 5f(1) also cover the sale of shares of collective investment undertakings, which could be the case for alternative investment funds?

Yes, it does.