

EU and UK Adopt Further Sanctions and Export Controls Targeting Russia

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Editor's note: The European Union has since issued a notice to operators regarding imports of Russian crude oil or petroleum products into the EU and published updated guidance with respect to certain restrictions targeting Russia.

In recent months, the European Union and United Kingdom have adopted additional measures targeting key elements of the Russian economy in response to the invasion of Ukraine. Specifically, the EU and UK continue to expand the list of people and entities subject to asset freezes, and to refine and broaden sanctions against Russia in various ways, adding new restrictions related to social media, trade and investments, professional services and Belarusian entities. At the same time, new general licenses (exemptions) have been issued and updated guidance has been published.

Below we set out some of the key developments since April 21, 2022, the cutoff for our last article on the subject. See our April 25, 2022, client alert, "[US, UK and EU Impose New Sanctions and Export Controls on Key Elements of Russian Economy](#)," and earlier alerts cited there.

Recent updates in U.S. rules are covered in our July 29, 2022, client alert, "[US Adopts Further Sanctions and Export Controls Targeting Russia](#)," and a related development in the U.K. is discussed in our August 1, 2022, client alert, "[UK's Red Alert on Financial Sanctions Evasion Signals Regulatory Alignment on Future Sanctions Enforcement](#)."¹

EU Sanctions and Export Controls

The EU issued a sixth package of sanctions on June 3, 2022, and a seventh so-called maintenance and alignment package of sanctions on July 22, 2022, intended to further intensify pressure on Russia's government and economy. The measures, which expand existing sectoral sanctions and impose new sanctions under Council Regulation No. 833/2014 (Regulation 833), include:

- a ban on Russian crude oil imports and petroleum products;
- restrictions on the provision of oil transport services;
- an import ban on Russian gold;
- the exclusion of additional Russian banks from SWIFT;
- a ban on the provision of certain financial and business services to Russian entities or the Russian government;
- extended export restrictions; and
- additional restrictions on Russian media outlets.

The EU also imposed new and similar sanctions on Belarus, extending export restrictions and subjecting an additional bank to the EU SWIFT ban.²

More Russian and Belarusian individuals and entities were added to the EU Consolidated List of Financial Sanctions and are now subject to an EU asset freeze pursuant to Council Regulation No. 269/2014 (Regulation 269).

¹ This client alert is for informational purposes only and does not constitute legal advice. Complex assessments often have to be made as to which sanctions regime applies in any given instance, given the multinational touch points of many entities and individuals. In that regard, given the complex and dynamic nature of these sanctions regimes, there may be developments not captured in this summary. Moreover, while the summary was accurate when written, it may become inaccurate over time given developments. For all of these reasons, you should consult with a qualified attorney before making any judgments relating to sanctions, as there are potentially severe consequences of failing to adhere fully to sanctions restrictions.

² Council Regulation (EU) 2022/877 of June 3, 2022 (amending Regulation (EC) No. 765/2006).

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The EU's seventh package notably includes a new requirement under Regulation 269 that persons and entities subject to an EU asset freeze that own, hold or control funds or economic resources within the jurisdiction of an EU member state to report these assets to the relevant national competent authority and cooperate with the national authority in verifying the reporting.

The new EU measures also include a strengthening of enforcement mechanisms accompanied by an announcement of further proposals to harmonize and reinforce sanctions enforcement at the EU level. The restrictive measures also introduced exemptions to clarify the scope of certain existing sanctions and align the EU sanctions with those of the G7 countries.

The EU Council has stated that there are no EU sanctions on Russian exports of food to global markets.³ Moreover, EU sanctions do not prohibit the import and transportation of Russian agricultural goods, payment for such Russian exports or the provision of seeds by third countries. For EU businesses, EU sanctions do not prohibit the purchase, import or payment for Russian food products, including wheat or other cereals, provided that sanctioned persons or entities are not involved. The EU's maintenance and alignment package of sanctions includes specific exceptions or derogations, where relevant, for food and agricultural products. The latest package of sanctions also authorizes EU businesses to deal with certain listed Russian state-owned entities for the purpose of transporting oil to third countries outside the EU to avoid any potential negative consequences for energy security around the world.

On July 26, 2022, the EU Council announced that the EU sanctions against Russia are extended until January 31, 2023.

Import Ban on Russian Crude Oil and Petroleum Products

The major new measure imposed was a ban on the import into the EU of most Russian crude oil and petroleum products,⁴ following a joint proposal from the High Representative of the Union for Foreign Affairs and Security Policy and the European Commission (Commission).⁵

Regulation 833 prohibits the direct and indirect purchase, import, or transfer of crude oil or petroleum products (as listed in Annex XXV to Regulation 833) into the EU if the covered products

originate in or are exported from Russia.⁶ It also prohibits providing any services, including brokering, technical or financial services, relating to the import of Russian crude oil or petroleum products into the EU.

Regulation 833 provides certain exemptions.⁷ Notably, the import ban does not apply to crude oil delivered from Russia to EU member states by pipeline; however, Regulation 833 leaves the Council discretion to eliminate this exception.⁸ The restriction also does not apply to the purchase, import or transfer of seaborne crude oil and petroleum products where such products originate in a third country and are only being loaded in, departing from or transiting through Russia, if the origin and the owner of those goods are non-Russian.⁹ Moreover, the Commission has stated in its guidance that EU companies are still allowed to transport Russian crude oil to a third country.¹⁰ Lastly, the restriction does not apply to goods that were already released for free circulation within the EU prior to June 4, 2022.¹¹

⁶ Art. 3m of Regulation 833. The Commission has stated in its guidance that, "Russian oil transported together with oil of other origin in mixed fashion is subject to the prohibition: As oil is a fungible material that cannot be physically segregated depending on its origin, Russian originating oil imported, transferred or purchased in the EU together with oil of other origin is subject to the sanctions, unless the exact share of the product which does not originate in Russia can be clearly demonstrated to the national authorities of the member state. In such a case, the exact portion not originating in Russia can be allowed into the Union." [European Commission, Frequently Asked Questions, Oil Imports, Related Provision: Article 3m of Council Regulation 833/2014](#), FAQ #2, 22 June 2022 (EC FAQs re oil).

⁷ Regulation 833 includes temporary derogations for certain EU member states, such as Bulgaria, Croatia and the Czech Republic. Additionally, para. 9 of Art. 3m provides a derogation for EU natural or legal persons situated in Russia for purchases required to meet their essential needs. The Commission has stated in its guidance that this exception allows EU natural or legal persons situated in Russia, which are bound by the EU sanctions, to purchase goods listed in Annex XXV for their own daily consumption; for instance to refuel their car or heat their homes. This would typically apply to EU tourists visiting Russia, EU expats living in Russia, EU humanitarian aid providers, etc. It would also apply to a branch of an EU company in Russia which would need to purchase the goods for its own use. EC FAQs re oil #4.

⁸ Under Art. 3m(3)(d), the Russian oil import ban does not apply to crude oil falling under the classification CN 2709 00 that is delivered by pipeline from Russia into EU member states until the EU Council decides whether the prohibitions in Art. 3m(1) and 3m(2) shall apply. However, Regulation 833 provides that it is prohibited to transfer, transport or sell crude oil delivered by pipeline into an EU member state to other member states or to third countries (subject to limited exceptions provided by Regulation 833, Art. 3m(8) para. 1). Starting from February 5, 2023, where crude oil has been delivered by pipeline into a member state, it shall be prohibited to transfer or transport petroleum products falling under the classification CN 2710 that are obtained from such crude oil to other member states or to third countries, or to sell such petroleum products to purchasers in other member states or in third countries (Art. 3m(8) para. 3).

⁹ Art. 3m(3)(c) of Regulation 833.

¹⁰ EC FAQs re oil #15.

¹¹ EC FAQs re oil #5.

³ EU Council press release, June 20, 2022, [Global Food Insecurity: Council Approves Conclusions on the Team Europe Response](#).

⁴ European Commission press release, June 3, 2022, [Russia's War on Ukraine: EU Adopts Sixth Package of Sanctions Against Russia](#).

⁵ [Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: EU External Energy Engagement in a Changing World](#), May 18, 2022.

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Regulation 833 provides a wind-down period until December 5, 2022 for spot market transactions for near-term delivery¹² and pre-existing contracts involving seaborne crude oil.¹³ Regulation 833 also provides a wind-down period until February 5, 2023, for spot market transactions for near-term delivery and pre-existing contracts involving petroleum products.¹⁴ To benefit from the wind-down period exception, the relevant contracts must have been notified by the relevant member states to the Commission by June 24, 2022; the spot market transactions for near-term delivery must be notified by the relevant member states to the Commission within 10 days of their completion.

Ban on Oil Transport Services

EU operators are prohibited from providing, directly or indirectly, technical or financial assistance, or brokering services, relating to the transport of Russian crude oil or petroleum products to third countries. The Commission has stated that the prohibition only applies to maritime transport and not to pipeline transport.¹⁵ Services such as insuring and financing the transport of oil to third countries are within the scope of this restriction.¹⁶

Regulation 833 provides a wind-down period of six months for pre-existing contracts concluded before June 4, 2022 for their execution until December 5, 2022.¹⁷ Additionally, the restriction does not apply to the transport of in-scope crude oil or petroleum products where those goods originate in a third country and are only being loaded in, departing from or transiting through Russia, as long as both the origin and the owner of such goods are non-Russian.

Import Ban on Russian Gold

Regulation 833 prohibits the direct and indirect purchase, import or transfer of gold (as listed in Annex XXVI to Regulation 833) into the EU or to any third country if the covered products originate in and are exported from Russia after July 22, 2022.¹⁸ The covered products include (i) gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form, (ii) waste and scrap of gold, including metal clad with gold but excluding sweepings containing other precious metals, and (iii) gold coins.

¹² Per Commission guidance, the contract concluded cannot foresee multiple deliveries and the oil should be delivered within 30 days maximum after the transaction has been concluded. EC FAQs re oil #13.

¹³ Art. 3m(3)(a), which refers to goods falling under CN Code 2709 00 of Regulation 833.

¹⁴ Art. 3m(3)(b), which refers to goods falling under CN Code 2710 of Regulation 833.

¹⁵ EC FAQs re oil #14.

¹⁶ European Commission press release, Russia's War on Ukraine: EU adopts sixth package of sanctions against Russia, Brussels, June 3, 2022. Available here https://ec.europa.eu/commission/presscorner/detail/en/ip_22_2802

¹⁷ See Art. 3(n)(2)(a)

¹⁸ Article 3o of Regulation 833.

The import ban on Russian gold also applies when such item is processed (*i.e.*, processed gold) in a third country while incorporating the covered products.

Regulation 833 also prohibits the direct and indirect purchase, import or transfer of golden jewelry and goldsmiths or silversmiths (as listed in Annex XXVII to Regulation 833) into the EU if the covered products originate in and are exported from Russia after July 22, 2022.

EU operators are prohibited from providing, directly or indirectly, technical assistance, brokering or other services relating to the provision, manufacturing, maintenance and use of the covered gold products. Moreover, Regulation 833 prohibits the direct or indirect financing or financial assistance, technical assistance, brokering or other services for the purchase, import or transfer of the covered gold products.

The import ban on Russian gold does not apply to gold originating in Russia imported into the EU before July 22, 2022, including gold held by central banks, investors, companies or pension funds in the EU prior to the ban coming into force.¹⁹ The import ban does not apply to gold that is necessary for the official purposes of diplomatic missions, consular posts or international organizations in Russia enjoying immunities in accordance with international law. For golden jewelry and goldsmiths or silversmiths, Regulation 833 provides an exemption for personal use of natural persons traveling to the EU or members of their immediate families traveling with them if such persons own the jewelry or goldsmith and such items are not intended for sale. Regulation 833 also provides a derogation, subject to the authorization of national competent authorities of EU member states, for the transfer or import of cultural goods that are on loan in the context of formal cultural cooperation with Russia.

Exclusion of Additional Russian Banks from SWIFT

The EU extended its so-called SWIFT ban to three more Russian credit institutions, preventing them from using specialized financial messaging services to exchange financial data. As of June 14, 2022, Sberbank, Credit Bank of Moscow and Joint Stock Company Russian Agricultural Bank (Rosselkhozbank) are subject to the SWIFT ban.²⁰ This prohibition also applies to any legal person, entity or body established in Russia that is owned more than 50% by one of the three listed entities. Additionally, the Belarusian Bank for Development and Reconstruction has been added to the SWIFT ban directed at Belarussian credit institutions.²¹

¹⁹ European Commission, [Questions and Answers: "Maintenance and Alignment" Package of Restricted Measures Against Russia](#), 22 July 2022.

²⁰ Annex XIV to Art. 5h of Regulation 833 as amended by Annex V of Council Regulation (EU) 2022/879.

²¹ Annex XV to Art. 1zb of EU Council Regulation (EC) No 765/2006 as amended by Annex II of Council Regulation (CFSP) 2022/877.

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Ban on the Provision of Certain Financial and Business Services

Under Regulation 833, EU persons are now prohibited from providing, directly or indirectly, certain financial and business services, such as accounting, auditing, bookkeeping or tax consulting; business and management consulting; or public relations services to legal entities established in Russia or the Russian government.²²

The prohibition does not apply to the provision of services intended for the exclusive use of Russian entities that are owned or controlled by a legal entity which is incorporated or constituted under the law of an EU member state, a member of the European Economic Area or Switzerland. In addition, the prohibition does not extend to the provision of services that are strictly necessary for the exercise of the right of defense in judicial proceedings and the right to an effective legal remedy.

Extended Scope of Export Restrictions

Dual-Use Goods and Technology and Advanced Technology Items

The EU has extended the scope of the export restrictions relating to dual-use goods and technology and advanced technology items under Regulation 833. In particular, Regulation 833 restricts the sale, supply, transfer or export, directly or indirectly, of goods and technology that might contribute to Russia's military and technological enhancement, or the development of the defense and security sector, whether or not they originate in the EU, to any person or legal entity in Russia or for use in Russia. Such advanced technology items relate to sectors such as electronics, computers, telecommunications and information security, sensors and lasers, and marine systems and equipment, and aerospace and propulsion.

Under the sixth EU sanctions package, the list of the covered advanced technology items (Annex VII) was expanded to include additional chemicals that could be used to manufacture chemical weapons or diverted for the fabrication of such weapons.²³ The

²²Art. 5n of Regulation (EU) 833/2014. The recitals of Regulation (EU) 2022/879 amending Regulation 833 provide that, "accounting, auditing, bookkeeping and tax consultancy services" cover the recording of commercial transactions for businesses and others; examination services of accounting records and financial statements; business tax planning and consulting; and the preparation of tax documents. Furthermore, "business and management consulting and public relations services" cover advisory, guidance and operational assistance services provided to businesses for business policy and strategy and the overall planning, structuring and control of an organization. Lastly, the recitals state that management fees, management auditing; market management, human resources, production management and project management consulting; and advisory, guidance and operational services related to improving the image of the clients and their relations with the general public and other institutions are all included.

²³Annex VII to Art. 2a of Regulation 833.

Commission clarified that the export of these items to Russia would remain possible under the existing exemptions and derogations provided for non-military users and non-military uses, which cover, for example, humanitarian purposes and health emergencies as well as for medical and pharmaceutical purposes.²⁴

The seventh EU sanctions package further extended the list of covered advanced technology items (Annex VII) to include 50 additional items. Those include equipment and materials relating to law enforcement activities, manufacturing equipment that can be used to produce industrial components or weapons, medical and pharmaceutical products such as vaccines that could be associated to the development of biological weapons, and special materials such as fibres used in aircraft or the equipment used to produce them. Per the Commission, the new covered items align the EU with the US and other partners with respect to the list of advanced technologies under sanctions.

Extended List of Targeted Persons and Entities

The EU's sixth and seventh packages of sanctions expand the list of persons or entities connected with Russia's defense and industrial base (Annex IV of Regulation 833) that are subject to tighter restrictions relating to dual-use goods and technology and advanced technology items. The sixth package of sanctions added entities that are involved in sectors such as electronics, communications, weapons, shipyards, engineering and scientific research. Under the EU's seventh package of sanctions, other entities involved in the aerospace, naval and aeronautic sectors were added to the list. Per the Commission, the latest update brings the EU in closer alignment with the US, which had already listed several of these entities under its sanctions regime. Lastly, the Commission has advised that stricter conditions apply to these listed individuals or entities. EU exporters must therefore ensure that covered items do not reach the listed entities indirectly.²⁵

The EU has added the UK and the Republic of Korea to the Annex of partner countries that have adopted substantially equivalent export restrictions.²⁶ The partner countries also include the US and Japan.

The list of Belarussian entities subject to export restrictions with respect to dual-use goods and technology has also been expanded from one to 25 entities.²⁷

²⁴European Commission, Questions and answers on the sixth package of sanctions against Russia, Brussels, 3 June 2022.

²⁵European Commission, Export-Related Restrictions, Frequently Asked Questions, FAQ #17, March 16, 2022.

²⁶Annex VIII to Art. 2 of Regulation 833 as amended by Council Regulation (EU) 2022/879.

²⁷Annex V to Art. 1e of Regulation (EC) No 765/2006 as amended.

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Additional Restrictions on Russian Media Outlets

The EU extended the broadcasting suspension (media ban) to cover Rossiya RTR, Rossiya 24, and TV Centre International. In addition to the prohibition on broadcasting content and facilitating or contributing to those broadcast services, Regulation 833 now includes a prohibition on advertising any goods or services on the banned media outlets by any means.

Strengthening of Reporting on Asset Freeze Measures

Reinforced Reporting Obligations on EU Persons

The seventh EU sanctions package has reinforced the reporting obligations of EU persons. They are now required to report to the national competent authority in the member state where they are resident or located any information that would facilitate compliance with an EU asset freeze measure, such as information on accounts and amounts frozen pursuant to Regulation 269. Moreover, EU persons are required to supply any information about funds or economic resources belonging to, or owned, held or controlled by listed persons or entities that are not yet treated as frozen by such EU persons.

The reporting requirement now applies notwithstanding the applicable rules concerning reporting, confidentiality and professional secrecy. However, the Commission has stated that, while the reporting obligation would cover most services and activities involving listed persons, it should not cover information received as part of legal representation in court proceedings.²⁸

Reporting Obligations on Listed Persons or Entities

Regulation 269 requires persons and entities designated in Annex I of the EU asset freeze regulation that have funds or economic resources within the jurisdiction of an EU member state to report those assets before September 1, 2022, or within six weeks from the date of the listing in Annex I (whichever date is latest), to the relevant national competent authority and cooperate with the competent authority in the verification of this reporting.²⁹ If a member state had implemented a similar reporting obligation under its national law before July 21, 2022, then the reporting requirement will not apply until January 1, 2023.

Non-compliance with the reporting requirement will be considered as a breach of the anti-circumvention rule under Regulation 269,

and offenders may be subject to penalties if the conditions for such penalties are met under applicable national rules and procedures.

Third Countries' Food and Energy Security

Per the Commission, the EU sanctions do not prohibit EU businesses from purchasing, importing or paying for Russian food and agricultural products, including wheat or other cereals, provided that sanctioned persons or entities are not involved. The Commission has also clarified that the EU sanctions do not target in any way the trade in agricultural and food products (including wheat and fertilizers) between third countries and Russia.

The maintenance and alignment package also introduced certain exemptions and derogations relating to agricultural products and the supply of oil and petroleum products to third countries.

Exemption Under the List-based Comprehensive Transaction Ban

The EU sanctions include a list-based comprehensive transaction ban against certain entities established in Russia that are (i) publicly-owned more than 50% or publicly controlled or in which Russia, its government or central bank has the right to participate in profits or has other substantial economic relationship (as listed in Annex XIX of Regulation 833); (ii) an entity established outside the EU that is more than 50% owned, directly or indirectly, by an entity described in (i); or (iii) an entity acting on behalf or at the direction of an entity described in (i) or (ii). In general, it is prohibited to engage directly or indirectly in any transaction with such listed entities.

The EU's seventh package of sanctions includes an exemption authorizing transactions with the entities listed in Annex XIX, if such transactions are necessary for the purchase, import, or transport of pharmaceutical, medical, agricultural and food products, including wheat and fertilizers, if such products are authorized under Regulation 833.

The EU sanctions also authorize EU companies to engage in transactions with the listed Russian state-owned entities (Annex XIX) that are strictly necessary for the direct or indirect purchase, import or transport of oil, including refined petroleum products, from or through Russia to third countries outside the EU. The measure seeks to mitigate the risks relating to global energy security.

Derogation Under Regulation 269

Regulation 269 also includes a derogation allowing national competent authorities to authorize the release of certain frozen funds or economic resources belonging to certain designated entities or make available certain funds or economic resources to those

²⁸European Commission, Frequently Asked Question, Asset Freeze and Prohibition to Make Funds and Economic Resources Available, FAQ #29, July 26, 2022.

²⁹Council Regulation (EU) 2022/1273 of July 21, 2022, amending Regulation 269.

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entities, as the competent authorities deem appropriate, after having determined that such funds or economic resources are necessary for the purchase, import or transport of agricultural and food products, including wheat and fertilizers.³⁰

Agricultural Trade With Ukraine

The Commission has stated that agricultural products can be imported into the EU from Ukraine and transferred to third countries. Agricultural products from the areas of Donetsk and Luhansk oblasts that are not under Ukraine government control can also be imported under certain conditions, including with the approval of the Ukrainian authorities. The Commission has confirmed that EU companies can invest and support agricultural production in Ukraine, except in the areas of the Donetsk and Luhansk oblasts not controlled by the Ukrainian government.

Extension of Restrictions on Deposits in the EU by Russian Nationals

As of February 25, 2022, Regulation 833 prohibits EU persons from accepting any deposits from Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia if the total value of deposits of the natural or legal person, entity, or body per credit institution exceeds \$100,000.

The seventh EU sanctions package extends the restriction on deposits to legal persons, entities or bodies established outside the EU and owned, directly or indirectly, more than 50% by Russian nationals or natural persons residing in Russia.

However, under Regulation 833, national competent authorities may provide a derogation on the deposit limit for transactions that are necessary for non-prohibited cross-border trade in goods and services between the EU and Russia.

Strengthening of Enforcement Mechanisms

Regulation 833 requires EU member states to implement rules on penalties, including criminal penalties, for breaches of the EU sanctions if the member states do not yet have such rules in their national law.³¹ Additionally, the Commission has proposed measures to ensure the effective implementation of EU sanctions through supplementary harmonization of criminal law measures.³²

³⁰ Council Regulation (EU) 2022/1273 of July 21, 2022, amending Regulation 269. The derogation under Regulation 269 may apply to the entities listed under entry numbers 53, 54, 55, 79, 80, 81, 82 and 108 in Annex I.

³¹ Art. 8 of Regulation 833.

³² European Commission, Questions and answers on the sixth package of sanctions against Russia, Criminalization for sanctions breaches, Brussels, June 3, 2022.

Those measures include an initiative to potentially revise relevant EU treaty provisions to add violations of sanctions to the list of EU crimes.

On July 7, 2022, the European Parliament gave its consent to the draft EU Council Decision, which adds the violation of EU restrictive measures to the list of EU crimes. This step allows the Commission to propose a directive defining the minimum rules and the criminal penalties to enforce EU sanctions violations across member states in a consistent manner. The measure still needs to be formally adopted by the EU Council.

In parallel, the Commission has also proposed to reinforce the rules on asset recovery and confiscation, which will notably ensure the effective tracing, freezing, management and confiscation of proceeds derived from breaches of EU restrictive measures.

The Commission announced that the EU will continue to provide guidance and share information and best practices to ensure effective implementation of EU sanctions.

UK Sanctions and Export Controls

Social Media Restrictions

On April 29, 2022, the UK introduced [The Russia \(Sanctions\) \(EU Exit\) \(Amendment\) \(No. 9\) Regulations 2022](#), which sets out various restrictions in relation to internet services and social media through the addition of [Regulation 54A](#):

- Social media services providers (including video sharing platforms) must take reasonable steps to prevent users of their service in the UK from encountering content generated directly on their service or uploaded or shared on their service by a person designated for the purposes of Regulation 54A.
- Internet access services providers (including fixed and wireless broadband providers) must take reasonable steps to prevent a user of their service in the UK from accessing by means of their service an internet service (including websites) provided by a person designated for the purposes of Regulation 54A. The Explanatory Notes suggest that this would likely take the form of URL blocking.
- Application store providers (including those on smartphones) through which an application for an internet service may be downloaded or otherwise accessed must take reasonable steps to prevent users in the UK of their application store from downloading or otherwise accessing an internet service provided by a person designated for the purposes of Regulation 54A.

Failure to comply is a criminal offence. No definition of “reasonable steps” has been provided, and therefore, what constitutes “reason-

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able steps” will likely vary depending on the size and sophistication of the provider. Currently only Rossiya Segodnya and TV-Novosti are listed as designated persons under Regulation 54A.³³

Regulation 77A provides the UK communications regulator, OFCOM, with information request powers for the purposes of monitoring compliance or detecting evasion of Regulation 54A. Regulation 77B sets out an offence for failing to comply, providing false information, destroying evidence or obstructing OFCOM in relation to such requests.

OFCOM has the power to impose monetary penalties up to \$1 million, and is responsible for monitoring compliance with trade sanctions in relation to internet services, and for assessing suspected breaches.

Russia-related Investments

On July 19, 2022, the UK issued The Russia (Sanctions) (EU Exit) (Amendment) (No. 12) Regulations 2022, which introduced new restrictions with the addition of Regulation 18B, including prohibitions on:

- directly, or indirectly for the purpose of making funds or economic resources available directly or indirectly or for the benefit of a person connected with Russia, acquiring any ownership interest in land located in Russia;
- directly, or indirectly for the purpose of making funds or economic resources available directly or indirectly or for the benefit of a person connected with Russia, acquiring any ownership interest in or control over a person other than an individual connected with Russia, or a relevant entity;
- directly or indirectly establishing any joint venture with a person connected with Russia;
- opening a representative office or establishing a branch or subsidiary located in Russia; and
- providing investment services directly related to any of the above activities.

Several exceptions are set out in the legislation, including the satisfaction of prior obligations arising under contracts concluded before July 19, 2022, or an ancillary contract necessary for the satisfaction of such a contract. This exception requires persons to notify HM Treasury five working days prior to carrying out any such act. There are also exceptions relating to transferable securities already prohibited by Regulation 16, and relevant securities issued by persons connected with Russia, or by relevant entities.

³³OFCOM issued [an open letter to the industry](#) on May 4, 2022 that explicitly referenced RT and Sputnik websites, which are owned by designated entities, as being subject to the restrictions.]

Professional and Business Services

On July 21, 2022, the UK also introduced The Russia (Sanctions) (EU Exit) (Amendment) (No. 14) Regulations 2022, which prohibits the provision (directly or indirectly) of (i) accounting, (ii) business and management consulting, and (iii) public relations services to persons connected to Russia. There is a defense available where a person did not know and had no reasonable cause to suspect that the person to whom the services were provided was connected with Russia.

“Accounting services” is defined broadly to include accounting review services, preparation of financial statements, other accounting services such as attestations, valuations, preparation services of pro forma statements, and bookkeeping services. Most auditing services, the preparation of business tax returns if the latter is paid for separately, and bookkeeping services related to tax returns are excluded.

“Business and management consulting services” is defined as advisory, guidance and operational assistance services provided for business policy and strategy and the overall planning, structuring and control of an organization, which includes (but is not limited to) management auditing; market management; human resources; production management and project management consulting.

“Public relations services” is defined as services provided by a person related to improving the image of their clients and their relationship with the general public and other institutions, but excludes planning and creating services for advertising or public opinion polling services.

There is a wind-down period until August 20, 2022 where obligations that arise under contracts concluded before July 20, 2022 (or an ancillary contract necessary for the satisfaction of such a contract) may be satisfied, provided that notification is given 10 working days before the conduct is carried out.

There is also an exception for diplomatic missions and services provided in relation to the discharge or compliance with UK statutory or regulatory obligations, but not contractual obligations.

Licenses may also be granted for services required by non-Russian business customers in order to divest from Russia, or to wind down other business operations in Russia, as well as for services to a person connected with Russia by a UK parent company or UK subsidiary of that parent company.

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General Licenses³⁴

On May 5, 2022, the UK added Evraz Plc, a steel manufacturer with significant Russian operations, to its asset freeze list. To account for the difference in international sanctions regimes, the UK also issued General License INT/2022/1710676, which permits the continuation of business operations involving Evraz's North American subsidiaries (Evraz North America plc; Evraz Inc. NA; and Evraz Inc. NA-Canada) until September 2, 2022.

On May 30, 2022, the UK issued General License INT/2022/1875276, which permits non-designated persons to continue business operations involving the provision of civilian telecommunication services and news media services relating to ZAO TransTeleCom Company. There are notification and record-keeping requirements as part of the license, which expires on May 30, 2024.

On June 10, 2022, the UK also issued General License INT/2022/1919908, which permits a person to make use of the retail banking services of a designated Russian credit or financial institution, provided that the payments made or received are intended for the personal use of that person, and the value of such payments cannot exceed \$50,000. A relevant institution may also process payments made in accordance with the above. There are reporting and record-keeping requirements as part of the license, which expires on September 10, 2022.

On June 29, 2022, the UK added Vladimir Potanin, owner of Rosbank, to its asset freeze list. To account for the difference in international sanctions regimes, on June 30, 2022, the UK also issued General License INT/2022/1968500, which permits a person to wind down any transactions to which it is a party involving Rosbank or a subsidiary, including the closing out of any positions, repayment of loans, withdrawal of deposits and closing of accounts. In addition, a person, relevant institution, Rosbank or a subsidiary can carry out any activity reasonably necessary to effect this. The license expires on September 30, 2022.

On July 19, 2022, the UK issued General License INT/2022/2002560 permitting a person to carry out prohibited activities under Regulation 18B (*i.e.*, in relation to investment in Russia) as well as wind down such activities. Relevant institutions are also permitted to process related payments. The General License expired on July 26, 2022.

On July 22, 2022, the UK also issued General License INT/2022/2009156 relating to a number of the UK's autonomous sanctions regulations, which permits designated individuals to make permitted payments from frozen UK bank accounts related to the provision of building and engineering insurance to UK insurers, and permits UK insurers to make return payments to

³⁴Several other General Licences have also been issued including in relation to travel, humanitarian activity and charities.

frozen UK bank accounts. There are reporting and record-keeping requirements, and the licensee is of indefinite duration.

Trade Sanctions

On June 23, 2022, the UK introduced The Russia (Sanctions) (EU Exit) (Amendment) (No. 10) Regulations 2022,³⁵ which imposed a range of new trade measures including expansion of the existing lists relating to critical industry goods and technology, oil refining goods and technology and energy-related goods, as well as services associated with iron and steel products. It also introduced several new categories of goods that are subject to trade sanctions including revenue-generating goods (including caviar, wood, furniture, fertilizers etc.), jet fuel and fuel additives, interception and monitoring services, defense and security goods and technology and maritime goods and technology.

It also expands several of the trade restrictions applicable to territories in Ukraine not under the control of the Ukrainian government.

The new measures also prohibit the export, supply and delivery of sterling- and euro-denominated banknotes to Russia, to a person connected with Russia and for use in Russia.

In addition, the July 21, 2022 Russia (Sanctions) (EU Exit) (Amendment) (No. 14) Regulations 2022 discussed above included the following restrictions:

- prohibition on the import, acquisition and supply or delivery of (i) oil and oil products from December 31, 2022, and (ii) coal and coal products that originate in or are consigned from Russia from August 10, 2022, as well as related technical assistance, financial services, funds or brokering services;
- prohibition on the import, acquisition or supply and delivery of gold that originates in Russia, and on related technical assistance, financial services, funds or brokering services;
- prohibition in relation to miscellaneous essential goods required for the functioning of the Russian economy (G7 dependency and further goods); and
- amendments to existing prohibitions on energy-related goods.

Substantial Extension of Sanctions Against Belarus

On July 5, 2022, the UK introduced The Republic of Belarus (Sanctions) (EU Exit) (Amendment) Regulations 2022, which impose a wide range of sanctions against Belarus, including financial restrictions and export controls similar to those already in place against Russia.

³⁵On July 15, 2022, the UK introduced The Russia (Sanctions) (EU Exit) (Amendment) (No. 11) Regulations 2022, which revoked and replaced The Russia (Sanctions) (EU Exit) (Amendment) (No. 10) Regulations 2022, correcting a small number of errors.

EU and UK Adopt Further Sanctions and Export Controls Targeting Russia

Implementation of a Strict Liability Regime and New Enforcement Powers

In March 2022, [The Economic Crime \(Transparency and Enforcement\) Act 2022](#) received royal assent. The act introduced a strict liability regime for civil sanctions breaches and authorized the UK to report sanctions breaches even where no fine has been issued. It also removed the requirement for a review of a decision by the Treasury to impose a monetary penalty to be carried out by the minister personally. These provisions took effect on June 15, 2022. See our [24 March 24, 2022 client alert](#), “[UK and EU Impose Further Ukraine-Related Sanctions on Russia and Belarus](#).”

In conjunction with the act, the Office of Financial Sanctions Implementation (OFSI) issued a [blog post discussing the office’s new enforcement powers](#) on June 8, 2022 and published [updated guidance on monetary penalties](#) on June 15, 2022.

New Designation Criteria

On July 18, 2022, the UK introduced [The Russia \(Sanctions\) \(EU Exit\) \(Amendment\) \(No. 13\) Regulations 2022](#), which (i) expanded the definition of obtaining a benefit from or supporting the government of Russia to include “other managers” as well as holding the right, directly or indirectly, to nominate at least one director (whether executive or non-executive), trustee or equivalent

of a government of Russia-affiliated entity, or a person, other than an individual, carrying out business of economic significance or in a sector of strategic significance to the government of Russia; and (ii) expanded the definition of “being associated with” to include immediate family members. The regulations also extend the definition of ownership with respect to ships and aircraft, and include an exception relating to humanitarian activity in the areas of Donetsk and Luhansk oblasts not controlled by the Ukrainian government.

On July 19, 2022, the UK published legislation which extended the definition of “relevant firms” that have financial sanctions reporting obligations to include crypto asset exchange providers and custodian wallet providers from August 30, 2022.

There is a requirement for “relevant firms” to notify OFSI of certain information as soon as practicable when encountering a designated person in the course of their business. This requirement applies to relevant firms in the UK or under UK jurisdiction, including people working for them.

Updated FAQs and Guidance

On July 19, 2022, OFSI published an updated [Russia guidance and accompanying FAQs](#) to coincide with the new prohibitions described in this article. On 28 July 2022, OFSI also updated its general guidance with respect to licensing and timeframes.

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