

UK Broadens Compliance Advice Exception Under Legal Services Ban

Skadden

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If you have any questions regarding the matters discussed in this memorandum, please contact the following attorneys or call your regular Skadden contact.

Elizabeth Robertson

Partner / London
44.20.7519.7115
elizabeth.robertson@skadden.com

Jason Williamson

Associate / London
44.20.7519.7093
jason.williamson@skadden.com

Jack Zaher

Associate / London
44.20.7519.7237
jack.zaher@skadden.com

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One Manhattan West
New York, NY 10001
212.735.3000

22 Bishopsgate
London EC2N 4BQ, UK
44.20.7519.7000

When the UK legal services ban was introduced in June 2023, concerns were raised that the exception outlined in the legislation relating to the provision of sanctions compliance advice was limited in scope. In particular, as drafted, the exception is limited to advice relating to compliance with UK sanctions; it does not include the provision of legal advice in relation to whether a client's proposed activity is prohibited by other international sanctions regimes.

In response to those concerns, the UK government has issued a general licence that permits the provision of legal advice in relation to compliance with sanctions imposed against Russia by any jurisdiction.

UK Legal Services Ban

The UK's legislation introducing a ban on the provision of certain legal advisory services came into force on June 30, 2023. The ban — which applies to all UK persons,¹ no matter where they are located, and all persons present in the UK — prohibits the direct or indirect provision of legal advisory services to any non-UK person² in relation to activity that would be prohibited by UK financial and trade³ sanctions if the activity was undertaken (i) by a UK person or (ii) within the UK. (For more, see our July 17, 2023, client alert "[UK Introduces Legal Services Ban](#).")

The legislation included a number of exceptions, including in relation to the provision of legal advice regarding whether an act, or proposed act, would comply with the UK's Russia sanctions regulations.

As noted above, the exception only applies to UK sanctions compliance advice relating to the regulations, not compliance with other sanctions laws. As such, absent further clarity from the UK government, a UK person providing advice related to compliance with other international sanctions regimes was not able to benefit from the exception.

Following concerns raised by The Law Society, the Ministry of Justice acknowledged in a webinar held on July 18, 2023, that this was an unintended limitation to the exception that would be addressed by a forthcoming general licence. That [general licence](#) was published by the UK Department for Business and Trade (DBT) on August 11, 2023.

General Licence

The general licence extends the sanctions compliance advice exception to include compliance advice in relation to sanctions imposed against Russia by **any** jurisdiction. The licence also permits the provision of legal advisory services in relation to compliance with, or addressing the risk of, any Russian counter-sanctions measures.

In particular, the licence authorises the provision of legal advisory services to any person:

- As to whether an act or proposed act complies with or could trigger punitive measures in relation to restrictive measures, including sanctions, export and import controls, on

¹ *i.e.*, UK nationals and entities incorporated or constituted under UK law.

² *i.e.*, an individual that is not a UK national, or an entity that is not incorporated in the UK.

³ The ban applies to advice in relation to activity that would be prohibited by (i) the financial sanctions in Regulations 11 to 18C (*i.e.*, asset freeze, loan/credit and investment prohibitions), (ii) the trade sanctions in Chapters 2 to 6 and 6B of Part 5 of the regulations (*i.e.*, export, import and professional service prohibitions) and (iii) the circumvention prohibitions in Regulations 19 and 55. The ban excludes activity that would be prohibited by Chapter 6A of Part 5 of the regulations (which prohibits providing internet services to, or for the benefit of, designated persons).

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or concerning Russia or the non-government controlled Ukrainian territory,⁴ imposed by any jurisdiction.

- In relation to, in compliance with or addressing the risk of punitive measures in relation to (i) restrictive measures, including sanctions, export and import controls, on or concerning Russia or the nongovernment controlled Ukrainian territory, imposed by any jurisdiction; (ii) any laws of Russia that have as their object or effect the frustration of any laws specified at (i); or (iii) any criminal law imposed by any jurisdiction.

- In relation to the discharge or compliance with UK statutory or regulatory obligations.

The licence contains certain record-keeping and reporting requirements. In particular, within 30 calendar days of the first use of the licence, the person providing the legal advice must provide details to the secretary of state, via DBT's SPIRE system, of the address at which records are kept in relation to the licence.

⁴ *I.e.*, Crimea and the non-government controlled areas of the Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts.