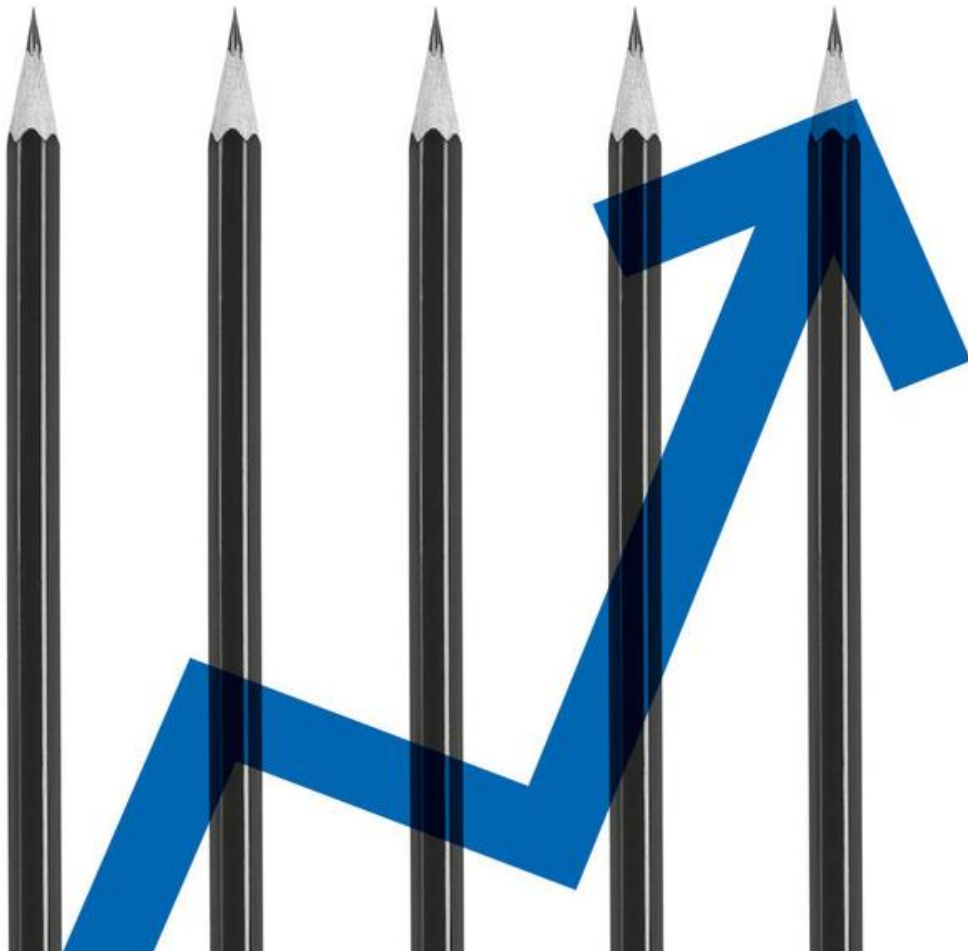


**Keeping you up to speed**  
Russia and Belarus sanctions update

22 September 2022



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# Introduction

Following the invasion of Ukraine by Russia, the UK, EU and US have all responded by announcing significant sanctions in respect of Russia and Belarus.

This briefing summarises the key developments up until (and including) 20 September, and supplements our previous briefings on:

- [23 February 2022](#)
- [24 February 2022](#)
- [28 February 2022](#)
- [3 March 2022](#)
- [9 March 2022](#)
- [10 March 2022](#)
- [17 March 2022](#)
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- [8 June 2022](#)
- [1 July 2022](#)
- [25 July 2022](#)
- [16 August 2022](#)



# United Kingdom

## **General Licences**

### INT/2022/2055384

On 5 August 2022, OFSI issued General Licence [INT/2022/2055384](#) which, subject to certain conditions, allows a Person to make use of the retail banking services of a designated credit or financial institution to make or receive payments that are exclusively for the purpose of winding down business operations in Russia (including payment of staff salaries, taxes, regulatory fees and other fees to official government bodies, and payment of bills or invoices) provided that no payments are otherwise made to a designated person.

The general licence includes a reporting requirement that within 30 days of making or receiving a payment, the Person must report to HM Treasury, with details and supporting evidence of:

- The amount(s) and purpose of the payments;
- The payment route used; and
- The date on which the payments were made.

The licence takes effect from 5 August 2022 and expires on 5 November 2022.

### INT/2022/2085212

On 15 August 2022, OFSI issued General Licence [INT/2022/2085212](#) which authorises a person/entity to make payments to the following, or a subsidiary of any of the following, for the purpose of making energy available for use in Mongolia:

- Credit Bank of Moscow;
- Gazprombank;
- Sberbank;



- Rosbank PJSC

This licence expires on 14 August 2023.

#### [INT/2022/2009156](#)

On 18 August 2022 OFSI amended General Licence [INT/2022/2009156](#). This licence allows UK designated persons to make certain permitted payments to UK insurers from a frozen bank account, and allows UK insurers to receive these payments. The licence applies to all UK autonomous sanctions regimes.

General Licence INT 2022/2009156 has been amended to include within permitted payments:

- Terrorism Insurance
- Property Owners' Liability Insurance
- Claims Preparation Insurance

This licence took effect on 22 July 2022 and is of indefinite duration.

#### [INT/2022/1710676](#)

On 18 August 2022 OFSI also extended General Licence [INT/2022/1710676](#) which authorises the continued business operations of Evraz' North American subsidiaries.

This licence has now been extended until 31 March 2023.

#### [INT/2022/1845976](#)

On 19 August 2022, OFSI issued General Licence [INT/2022/1845976](#) which states that Crown Servants, Contractors, Family Members or Visiting Family Members may carry out activities in their personal capacity in Russia which would otherwise be prohibited by regulations 11-15 and 17A of the Russia Regulations.





This licence took effect from 11:59 pm on 19 August 2022 and is of indefinite duration.

[INT/2022/2104808](#)

On 22<sup>nd</sup> August OFSI issued General Licence [INT/2022/2104808](#) which permits a bank to take payment of bank fees from frozen accounts arising from the routine holding or maintenance of those accounts. Such payments include overdraft fees, transaction fees (where a transaction is subject to a licence), late payment charges and other routine bank fees.

This licence takes effect from 22 August 2022 and is of indefinite duration.

[INT/2022/1280876](#)

On 22 August 2022, OFSI amended General Licence [INT/2022/1280876](#). This licence allows basic needs and other payments related to certain subsidiaries of designated Russian banks. The licence has been amended to include Guernsey subsidiary VTBC Asset Management International Limited and EU subsidiary VTB Bank (Europe) SE ("**VTBE**") and any entity owned or controlled by VTBE incorporated in Germany.

This licence took effect on 1 March 2022 and expires on 3 April 2023.



## European Union

### **Asset Freezes**

On 1 September 2022, Council Implementing Regulation (EU) 2022/1446 came into effect and amended Council Regulation 269/2014 by adding the following 3 individuals to the list of asset freeze targets:

- Alla Viktorovna Polyakova and Anton Olegovich Tkachev – both are members of the Russian State Duma who have been said to have each supported and implemented policies which are intended to further undermine the sovereignty and independence of the Ukraine; and
- Valery Andreevich Ponomarev – a member of the Russian Federation Council who has said to have ratified the Treaty of Friendship, Cooperation and Mutual Assistance.

Subsequently, all EU persons are prohibited from dealing with their funds or economic resources and from making available any such funds and/or economic resources. The asset freeze also extends to any entities which the above individuals own or control.

### **Updates relating to price caps and transportation of Russian oil products**

Following a meeting of the G7 Finance Ministers on 2 September 2022 a statement was issued which outlined further provisions relating to Russian-origin oil, in response to Russia's continued aggression towards the Ukraine. These provisions include:

- An extensive ban on all services which enable the maritime transportation of any Russian-origin crude oil and/or petroleum products internationally; and
- The introduction of a price cap which will ensure the maritime transportation of Russian-origin crude oil and/or petroleum products will only be permitted if oil and/or petroleum products are purchased at or below a set price.

The price cap would supplement, not replace, the existing European and US embargos on Russian oil.

Our initial alert on the proposed measures can be found [here](#).





### **Ukraine Misappropriation Sanctions**

On the 9 September 2022 the EU announced that it would be renewing its Ukraine sanctions regime until the 6 March 2023.

### **Consolidated and intellectual property rights Russia sanctions FAQs updates**

Updates to both the [consolidated](#) and [intellectual property rights](#) Russia sanctions FAQs have been published by the EU commission. The updates include an addition 9 intellectual property FAQ's being added, covering topics such as IPR registrations filed by designated persons or entities, suspending requests from designated entities/persons for formal modifications and how requests for the extension of deadlines from designated entities/persons should be processed.

### **Renewing Russia targeted sanctions**

The EU has announced on 15 September 2022 in response to Russia's prolonged and unjustified military aggression towards the Ukraine, that it intends to renew and prolong its Russia targeted sanctions regime for a further 6 months, until 15<sup>th</sup> March 2023.

The existing measures will continue to apply to the 1206 individuals and 108 entities who are listed at present and are therefore currently subject to various sanctions including asset freezes and travel restrictions.

Council Decision (CFSP) 2022/1530 & Council Implementing Regulation (EU) 2022/1529 were adopted on the 14 September 2022 and have made various amendments and updates to Council Regulation (EU) No 269/2014, including updating information relating to various individuals and entities and removing any duplicate entries.





## United States

On August 19, 2022, the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury issued Russia-related:

- General License (“**GL**”) [38A](#), amending GL 38 to authorize all transactions ordinarily incident and necessary to the processing of pension payments to (1) US persons or (2) non-US persons not located in Russia that are prohibited by Executive Order (“**EO**”) 14024 provided that the only involvement of blocked persons is the processing of funds by financial institutions blocked pursuant to EO 14024;
- [GL 50](#), authorizing all transactions prohibited by EO 14024 that are ordinarily incident and necessary to: (1) the closing of an account of an individual, wherever located, who is not a blocked person (“**account holder**”), held at a financial institution blocked pursuant to EO 14024; and (2) the unblocking and lump sum transfer of all remaining funds and other assets in the account to the account holder, including to an account of the account holder held at a non-blocked financial institution.
  - Note: GL 50 does not authorize the opening or maintaining of a correspondent account or payable-through account for or on behalf of any entity subject to Directive 2 under EO 14024.

On September 8, 2022, OFAC:

- issued Russia-related [GL 13B](#), extending GL 13A, which authorizes US persons to pay taxes, fees, or import duties, and purchase or receive permits, licenses, registrations, or certifications, to the extent such transactions are prohibited by Directive 4, provided such transactions are ordinarily incident and necessary to such persons’ day-to-day operations in the Russian Federation, through 12:01 am EST December 7, 2022;
- [designated Safiran Airport Services](#), a Tehran-based air transportation service provider, as well as several other Iran-based persons, on the Specially Designated Nationals and Blocked Persons (“**SDN**”) List for their involvement in the shipment of Iranian Unmanned Aerial Vehicles to Russia for its war in Ukraine.





On September 9, 2022, OFAC published [preliminary guidance](#) on the implementation of a maritime services policy and related price exception for seaborne Russian oil:

- Specifically, the supply, directly or indirectly, from the United States or by a US person, of services related to the maritime transportation of seaborne Russian oil or petroleum products will be prohibited if the oil is sold above the price cap, which has yet to be set.
- The parties that purchase seaborne Russian oil at or below the price cap will be able to receive otherwise prohibited services (the “**price exception**”).
- To take advantage of the price exception, purchasers must demonstrate to US service providers that the purchase complies with the cap and maintain records confirming such compliance for five years. The applicable recordkeeping and attestation processes would depend on the category of actor.
- For more information about the OFAC preliminary guidance, please see our [September 12, 2022 alert](#), *OFAC Issues Guidance on Maritime Services Price cap for Seaborne Russian Oil*.

On September 15, 2022, OFAC:

- Published
  - o a [Determination Pursuant to Section 1\(a\)\(i\) of EO 14024](#), applying OFAC sanctions to the quantum computing sector of the Russian economy;
  - o a [Determination Pursuant to section 1\(a\)\(ii\) of EO 14071](#), prohibiting, effective at 12:01 am EDT on October 15, 2022, the exportation, re-exportation, sale, or supply, directly or indirectly, from the United States, or by a US person, wherever located, of quantum computing services to any person located in Russia (excluding any service to an entity located in Russia that is owned or controlled, directly or indirectly, by a US person or in connection with the wind down or divestiture of an entity located in Russia that is not owned or controlled, directly or indirectly, by a Russian person);
  - o new FAQs [1083](#), [1084](#), [1085](#), and [1086](#) and amended FAQs [1059](#), [1061](#), [1062](#) further explaining and clarifying the quantum computing sanctions;
  - o amended FAQs [1033](#), [1034](#) relating to OFAC prohibitions relating to certain accounting, trust, and corporate formation, and management consulting services.





- issued Russia-related
  - o [GL 51](#), authorizing through 12:01 am EDT October 15, 2022, all transactions ordinarily incident and necessary to the wind down of any transaction involving Limited Liability Company Group of Companies Akvarius (“**Aquarius**”), or any entity in which Aquarius owns, directly or indirectly, a 50% or greater interest, that are prohibited by EO 14024, provided that any payment to a blocked person must be made into a blocked account;
  - o [GL 52](#), authorizing news reporting organizations that are US persons, and individual US persons who are journalists (including photojournalists) or broadcast or technical personnel to engage in the following transactions, where such transactions are ordinarily incident and necessary to such US persons’ journalistic activities or to the establishment or operation of a news bureau and are prohibited by EO 1402, provided that the only involvement of blocked persons is the processing of funds by financial institutions blocked pursuant to EO 14024:
    - Compensating support staff (e.g., stringers, translators, interpreters, camera operators, technical experts, freelance producers, or drivers), persons to handle logistics, or other office personnel;
    - Leasing or renting office space;
    - Purchasing, leasing, or renting goods and services (e.g., mobile phones and related airtime); or
    - Paying for all other expenses ordinarily incident and necessary to journalistic activities, including sales or employment taxes.
- published three Russia-related FAQs:
  - o [FAQ 1080](#) – providing guidance regarding what US persons with accounts at Russian financial institutions blocked under EO 14024 are prohibited from doing and what is permitted under GL 50;
  - o [FAQ 1081](#) – stating that parties are not required to show official documentation that they have closed their account at a Russian financial institution blocked under EO 14024 in order to take advantage of Russia-related GL 50;





- [FAQ 1082](#) – clarifying that although National Payment Card System Joint Stock company (“**NSPK**”) is not blocked, non-US financial institutions that enter into new or expanded agreements with NSPK risk supporting Russia’s efforts to evade US sanctions (and therefore are at risk of sanctions) because NSPK is the operator of Russia’s MIR National Payment System, which clears and settles payments between consumers, merchants, and banks for debit and credit card payments, primarily in the Russian Federation, and together process transactions for designated Russian banks and may be used to process transactions involving other sanctioned persons or activity.
- [revised](#) the SDN List by adding individuals and entities and removing certain individuals.

Also on September 15, 2022, the US Department of Commerce Bureau of Industry and Security (“**BIS**”) [issued](#) a [new rule](#):

- expanding the existing sanctions against Russia and Belarus by imposing new export controls (including expanding the scope of the Russian industry sector sanctions to add lower-level items potentially useful for Russia's chemical and biological weapons production capabilities and items needed for advanced production and development capabilities to enable advanced manufacturing across a number of industries);
- adding Belarus to the scope of industry sector sanctions that currently apply solely to Russia;
- expanding the “military end user” and “military-intelligence end user” controls and applies the Russian/Belarusian-Military End User Foreign Direct Product (**FDP**) rule to ten existing entries for six existing entities that have continued to supply Russian entities on the Entity List or are under sanction since Russia's further invasion of Ukraine;
- labelling these six entities as Russian “military end users” and applying the Russia/Belarus-Military End User FDP rule;
- further refining existing controls on Russia and Belarus by adding additional dollar value exclusion thresholds for “luxury goods,” and makes certain corrections and clarifications to existing controls on Russia and Belarus.





# Switzerland

## Continued implementation of EU sanctions

Since the last update, work on the Swiss ordinance continued with further adjustments enacted on 17 and 31 August 2022.

In addition on 9 September 2022, Switzerland added 3 individuals to the asset freeze (annex 8 of the Swiss Ordinance). Switzerland further updated the scope of goods under annex 23 (goods for the reinforcement of Russian industrial capacities).

Some changes are purely editorial. Another observed trend is the transformation of certain general exemptions into derogations subject to specific authorisation of the competent authorities (e.g. acceptance of deposits necessary for non-prohibited cross-border trade in goods and services between Switzerland/EEA and Russia or between Switzerland and EEA). The remaining changes are summarized below:

### Asset freezes and prohibition on accepting deposits

The asset freeze provision was adjusted to extend to persons acting on behalf of or on the instructions of specially designated nationals.

Additionally, the prohibition on accepting deposits was amended in line with the EU sanctions language. Companies established outside Switzerland and the EEA will fall under the prohibition if their proprietary rights are directly or indirectly owned for more than 50 % by Russian nationals or natural persons residing in Russia.

### Public procurement

Switzerland implemented, with a significant delay, the EU ban on awarding public or concession contracts, as covered already in our briefing of 12 April 2022. It applies to awards of contracts to Russian nationals, or natural or legal persons or bodies established in Russia (or any entity owned for more than 50% by them, or any legal person acting on their behalf), including in the capacity of subcontractors or suppliers, where they account for more than 10% of the contract value.

For ongoing procurement contracts concluded before the entry into effect of the relevant statutory provision and falling within the scope thereof, a winding down period applies (until 28 February 2023).





## **Luxury goods**

Finally, some categories of goods (i.e. articles of jewellery and articles of goldsmiths' or silversmiths' wares) were carved out from the general ban on sale and export to Russia, provided they are owned by and restricted for personal use of persons travelling from Switzerland or their immediate families and are not intended for sale.

## **SECO FAQ**

On 31 August 2022, SECO updated its FAQ on the prohibition to accept new deposits and crypto assets (article 20 and 21), the prohibition of sale of transferable securities (article 23) and the prohibition on trusts (article 28d). There are not many changes, which are mainly adjustments to the previous replies in view of the amendments to the provisions of the Ordinance, including the following:

The position on deposits of companies established outside Switzerland or the EEA and having a Russian person as majority shareholder was adjusted to the amendment of the Ordinance (see above).

Similarly, a clarification is made in respect of the cross-border trade previously carved out from the scope of the prohibition on accepting deposits (now subject to authorisation).

Finally, SECO added Andorra to the list of States the nationality or a residence permit of which allows Russian persons not to fall under the limitations of article 20.



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