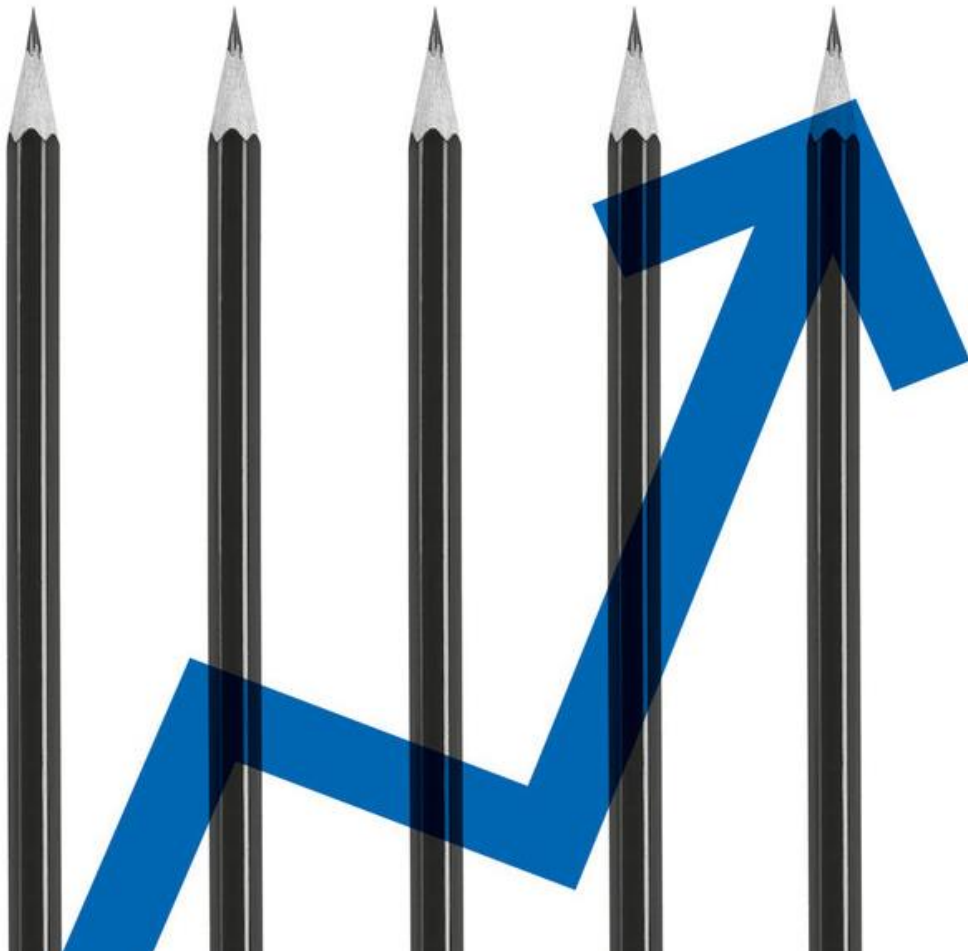


## **Keeping you up to speed**

### Russia and Belarus sanctions update

16 August 2022



# Contents

INTRODUCTION.....	3
UNITED KINGDOM .....	4
EUROPEAN UNION .....	5
UNITED STATES .....	7
SWITZERLAND .....	10
CONTACTS.....	12

# 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 since 25 July 2022 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](#)
- [28 March 2022](#)
- [6 April 2022](#)
- [12 April 2022](#)
- [25 April 2022](#)
- [19 May 2022](#)
- [8 June 2022](#)
- [1 July 2022](#)
- [25 July 2022](#)



# United Kingdom

## Asset freezes

On 26 July 2022, a further 42 entries were added to the UK Consolidated List under the Russia financial sanctions regime and are now subject to an asset freeze. The list includes (but is not limited to) the following:

- Vitaly Khotsenko and Vladislav Kuznetsov, the Prime Minister and First Deputy Chairman of the 'Donetsk and Luhansk People's Republics';
- Konstantin Chuychenko, Russian Minister of Justice;
- Oleg Sviridenko, Deputy Minister of Justice;
- Sanjar Ismailov, nephew of Russian oligarch Alisher Usmanov;
- Sarvar Ismailov, previously a director at Everton Football Club and also a nephew of Alisher Usmanov; and
- Twenty nine regional governors from across Russia.

On 2 August 2022, the UK re-added 2 members of the Rosneft Management Board, having previously removed them on 15 July 2022. They are now subject to an asset freeze:

- Didier Casimiro
- Zeljko Runje

## Updates to OFSI's General Guidance on financial sanctions

On 28 July 2022 OFSI stated that, due to the volume of applications received, it is unable to provide substantive engagement on specific licences within four weeks. OFSI advised that it is prioritising cases relating to personal basic needs and/or wider humanitarian issues which are of material impact or urgency, or which are deemed to be of particular strategic, economic or administrative importance. UK persons should bear this in mind when making or considering specific licence applications.

## OFSI extends General Licence INT/2022/1968500

OFSI has extended general licence [INT/2022/1968500](#) for a period of 2 months to 30 September, allowing for the winding down of positions involving Rosbank.

OFSI has stated that it is not currently minded to extend the licence further than this.



# European Union

## Asset freezes

On 4 August 2022, Council Implementing Regulation (EU) 2022/1354 came into effect and amended Council Regulation 269/2014 by adding the following 2 individuals to the list of asset freeze targets:

- Viktor Fedorovych Yanukovych – Former President of Ukraine who issued a pro-Russian policy when in office. Yanukovych was previously found guilty of treason for having invited the Russian Federation to invade Ukraine. He subsequently relocated to Russia following his removal from power; and
- Oleksandr Viktorovych Yanukovych – businessman who runs businesses in the Donbas region and has close ties with pro-Russian separatists. He is also the son of the former president of Ukraine;

As a result of these designations these individuals, as well as any entities they own or control, are now subject to an asset freeze and it is prohibited for EU persons to deal with their funds or economic resources and to make such funds or economic resources available to them (directly or indirectly).

## Renewal of sectoral sanctions

On 26 July 2022, the EU's sectoral sanctions on Russia, which were due to expire on 31 July 2022 were renewed for 6 months until 31 January 2021.

## EU Commission updates Russia sanctions FAQs

The EU Commission has updated its [Russia sanctions FAQs](#) on a number of topics including:

- gold imports
- aviation
- import, purchase and transfer of listed foods; and
- central securities depositories

## EU issues Notice on imports of blended Russian oil

On 3 August 2022 the European Commission issued a Notice (2022/C 296/05) to operators concerning the import ban on Russian crude oil and petroleum products imposed by article 3m of Council Regulation 833/2014. Key points to note include:

- Russian oil transported with oil of other origin is subject to the prohibition, as oil is a fungible material that cannot be physically segregated. As such "Russian originating oil, 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 in the Member State". In such a case, the exact portion of oil not originating in Russia can be allowed into the EU and remaining part of the shipment will be refused entry.

- The whole shipment will be prevented from unloading in the EU in cases where Russian crude oil content is identified but it is not possible to determine the exact share of non-Russian oil.
- Operators who are involved in imports of crude oil and/or petroleum products are advised to take all necessary due diligence measures to ensure that no Russian sanctioned crude oil is imported, even if blended with a majority content of a third country-origin oil. Proof may be shown through a variety of methods such as chemical analysis or through proofs regarding the origin of the oil loaded in the ship.
- Importers are advised to write in the purchase contract clauses which have the exporter confirm that the oil does not contain any Russia origin oil.
- Customs authorities will exercise particular diligence in ensuring that oil being imported into the EU does not contain Russian origin oil and will request documentary or other appropriate evidence.
- Although importers are those primarily responsible for complying with the oil related sanctions, all actors involved in oil imports into the EU – including carriers, insurers and financial institutions opening credit lines or issuing letters of credit – are advised to exercise due diligence to ensure they do not provide technical assistance, financing or financial assistance in breach of article 3m.



## United States

On August 2, 2022, the US Department of the Treasury Office of Foreign Assets Control ("**OFAC**") issued Russia-related:

- General License ("**GL**") 40A ([now GL 40B](#)), amending GL 40 by adding "Joint Stock Company State Transportation Leasing Company" to the list of companies in the Annex subject to GL 40A;
  - o Note: GL 40A, as well as GL 47 and GL 48 described below, were restated for the sole purpose of correcting the name "Joint Stock Company State Transportation Leasing Company."
- [GL 43A](#), amending GL 43 to also cover "facilitation of the divestment or transfer" of covered debt or equity, and authorize US financial institutions to unblock covered debt or equity that was blocked on or after June 2, 2022, but before June 28, 2022, provided that such unblocking is solely used to effect transactions authorized by GL 43A; an unblocking report must also be filed;
- GL 47 ([now GL 47A](#)), authorising, through 12:01 am EDT September 1, 2022, all transactions ordinarily incident and necessary to the wind down of any transaction involving one or more of the following blocked persons (including any entity directly or indirectly, individually or in the aggregate, owned 50 percent or more by any such blocked person) prohibited by E.O. 14024, provided that any payment to a blocked person is made into a blocked account:
  - o Skolkovo Foundation;
  - o Skolkovo Institute of Technology;
  - o Technopark Skolkovo Limited Liability Company;
  - o Federal State Institution of Higher Vocational Education Moscow Institute of Physics and Technology;
  - o Publichnoe Aktsionernoe Obschestvo Magnitogorskiy Metallurgicheskiy Kombinat;
  - o Joint Stock Company Government Transportation Leasing Company; or
- GL 48 ([now GL 48A](#)), authorizing:
  - o through 12:01 am EDT October 3, 2022, all transactions prohibited by E.O. 14024 that are ordinarily incident and necessary to the divestment or transfer, or facilitation of the divestment or transfer, of debt or equity of one or more of the following entities purchased prior to August 2, 2022 ("covered debt or equity") to a non-US person:
    - Publichnoe Aktsionernoe Obschestvo Magnitogorskiy Metallurgicheskiy Kombina;



- Joint Stock Company Government Transportation Leasing Company;
- Any entity in which one or more of the above entities own, directly or indirectly, individually or in the aggregate, a 50 percent or greater interest;
- through 12:01 am EDT October 31, 2022, all transactions prohibited by E.O. 14024 that are ordinarily incident and necessary to facilitating, clearing, and settling trades of covered debt or equity, provided that such trades were placed prior to 4:00pm EDT, August 2, 2022; and
- through 12:01 am EDT October 3, 2022, all transactions prohibited by E.O. 14024 that are ordinarily incident and necessary to the wind down of derivative contracts entered into prior to August 2, 2022, that (i) include a blocked person described in GL48A as a counterparty or (ii) are linked to covered debt or equity, provided that any payments to a blocked person are made into a blocked account.
- [GL 49](#), authorising through 12:01 am EST January 31, 2023, all transactions ordinarily incident and necessary to the wind down of any transaction involving MMK Metalurji Sanayi Ticaret Ve Liman Isletmeciligi Anonim Sirketi (MMK Metalurji), or any entity in which MMK Metalurji owns, directly or indirectly, a 50 percent or greater interest, that are prohibited by E.O. 14024, provided that any payment to a blocked person must be made into a blocked account.
- [published](#) three Frequently Asked Questions (“FAQs”), including;
  - FAQs 1074 and 1075, clarifying that PhosAgro PJSC, a leading Russian chemical company, and EuroChem Group AG, a Swiss fertilizer producer, have not been designated on the Specially Designated Nationals and Blocked Persons (“SDN”) List or are otherwise blocked as a result of the designation of Andrey Igorevich Melnichenko, Andrey Grigoryevich Guryev, and Andrey Andreevich Guryev because the entities are not owned 50% or more by, or otherwise considered the blocked property of, Andrey Igorevich Melnichenko, Andrey Grigoryevich Guryev, and Andrey Andreevich Guryev; these FAQs also highlight the authorisation for transactions related to fertilizer and other agricultural commodities permitted pursuant to GL 6B;
  - FAQ 1073, clarifying that Sheremetyevo International Airport has not been designated, and based on information available to OFAC, it is not owned 50% or more by, or otherwise considered the blocked property of, Alexander Anatolevich Ponomarenko.
- [updated](#) the SDN List by adding individuals considered Kremlin-connected elites, including Alina Mararovna Kabaeva, Vladimir Putin’s long rumored romantic partner, a major multinational company, and vessels, and deleting and revising other SDN entries; and
- [revised](#) an entry on the Sectoral Sanctions Identifications (“**SSI**”) List.





Also on August 2, 2022, the US Department of Commerce Bureau of Industry and Security (“**BIS**”) [updated](#) its list of aircraft that have flown into Russia or Belarus in apparent violation of US export controls by adding the first 25 foreign-produced aircraft apparently violating the Export Administration Regulations *de minimis* threshold for US components.



# Switzerland

## **Continued implementation of EU sanctions: adoption of new measures under 7th EU package**

Switzerland continues its policy to implement the EU sanctions, although with a certain delay.

On 28 July 2022, Switzerland added 54 individuals and 9 entities to the asset freeze (annex 8 of the Swiss Ordinance) and four entities to annex 2 (end-users of certain goods). Switzerland also expanded the scope of goods to match the 7th EU package in annex 1 (goods for military use, etc), annex 4 (petroleum refining equipment/goods) and annex 23 (goods for the reinforcement of the Russian industry).

Effective 4 August 2022, Switzerland further implemented the 7th EU sanction package by updating its own Ordinance establishing measures in relation to the situation in Ukraine (RS 946.231.176.72). The main features include:

### **Asset freeze**

The State Secretariat of Economic Affairs (SECO) may now un-freeze assets to allow the sanctioned persons to sell off their assets located in Switzerland and the European Economic Area. This exception expires on 31 December 2022.

Sberbank, Russia's largest bank, is now subject to the asset freeze, however, SECO can allow the sale of its European based assets, if completed before 13 November 2022. This exception was inserted as Swiss press reported on the possible sale of Sberbank Switzerland (the bank is also under FINMA supervision).

The Swiss government declared that its sanction measures are not aimed at the trade of Russian agricultural products and so the new Ordinance specifically allows SECO to divert from the asset freeze of several Russian banks for that purpose (VTB, Bank Rossiya, PROMSVYAZBANK, Novikombank, etc).

### **Fertilizers**

Since 27 April 2022, the purchase, import, transit and transport of Russian fertilizers (as per annex 20) were subject to a prohibition and the transitional period for existing deals expired on 29 July 2022. The Swiss Ordinance has introduced a quota to allow imports (annex 21).

### **Gold**

Switzerland implemented the prohibition to purchase gold, processed gold and gold products originating from Russia. The prohibition also applies to gold of Russian origin that was processed in a third country. Prohibited are also the import, transit, transport as well as connected services such as financial services, loans, technical assistance, etc. Carve-outs apply, for example to the import for personal use (as defined).



### **Restrictions against state-owned companies (Rosneft, Gazprom Neft, Transneft, etc)**

The Swiss Ordinance continues to prohibit to transact with certain state owned companies listed in annex 15, but expands the exception.

Allowed are transactions with such listed entities for transactions related to gas and certain metals destined for Switzerland, the EEA and certain countries of the Balkans.

Transactions involving crude oil and refined products, pharma and medical products as well as agricultural products are also allowed, unless another prohibition of the Swiss Ordinance applies. This exception allows transactions with third countries. Finally, the Swiss Ordinance allows transactions that are necessary to ensure access to legal proceedings (including arbitrations) involving an entity listed in annex 15 to go ahead.

### **SECO FAQ**

On 5 July 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).

It is of course less comprehensive than the FAQs issued by the European Commission.

Of particular interest is SECO's clarification that accounts of non-Russian companies with Russian persons as beneficial owners do not fall under the scope of the limitation to accept new deposits (article 20). The question is whether this remains valid in view of a differing provision in the 7th EU package.

SECO also clarified that dividends and coupon payments do not fall under the limitation of article 20, nor do the proceeds of the sale of securities. The same applies to incoming funds for the reimbursement of outstanding loans granted by the bank.

SECO also stated that Monaco/Russia dual-citizens and Russian persons with temporary or permanent residence in Monaco do not fall under said limitation under article 20. On the other hand, Russian/British dual-citizens as well as Russian nationals with temporary or permanent residence in the United Kingdom are caught by the limitation. This distinction between Monaco and the United Kingdom also applies for the "in-scope / out-of-scope" question under the prohibition to provide trust services under article 28d.

# Contacts

Should you require any further information in respect of any or all of the new sanctions, including a review of relevant contractual provisions, please contact:

## United Kingdom



**James Lindop**  
*Head of Competition, EU & International Trade*

**T:** +44 20 7919 4718  
**M:** +44 781 015 1278  
jameslindop@  
eversheds-sutherland.com



**Zia Ullah**  
*Co-Global Head of Corporate Crime and Investigations*

**T:** +44 207 919 4500  
**M:** +44 782 694 4979  
ziaullah@  
eversheds-sutherland.com



**Simon Gamlin**

**T:** + 44 20 7919 4689  
**M:** + 44 776 289 6040  
simongamlin@  
eversheds-sutherland.com



**Lizzy Coleman**

**T:** +44 20 7919 4780  
**M:** +44 776 764 7184  
elizabethcoleman@  
eversheds-sutherland.com



**James Cottrell**

**T:** +44 20 7919 4864  
**M:** +44 744 284 0581  
jamescottrell@  
eversheds-sutherland.com



**Victoria Turner**

**T:** +44 161 831 8718  
**M:** +44 786 715 5047  
victoriaturner@  
eversheds-sutherland.com



**Monika Zejden - Erdmann**

**T:** +44 20 7919 4910  
**M:** +44 779 907 2075  
monikazejden-erdmann@  
eversheds-sutherland.com



**Robyn Brown**

**T:** +44 161 831 8704  
**M:** +44 782 550 3652  
robynbrown@  
eversheds-sutherland.com

## European Union



**Anu Mattila**  
*Finland*

**T:** +358 10 6841 300  
anu.mattila@  
eversheds.fi



**Pamela O'Neill**  
*Ireland*

**T:** +35 3 16 64 42 41  
pamelaoneill@  
eversheds-sutherland.ie



**Ciaran Walker**  
*Ireland*

**T:** +35 3 16 64 49 86  
ciaranwalker@  
eversheds-sutherland.ie



**Alexander Stolzka**  
*Austria*

**T:** + 43 1 51620 150  
alexander.stolzka@  
eversheds-sutherland.at



**Michael Röhnsner**  
*Austria*

**T:** + 43 1 51620 160  
michael.roehnsner@  
eversheds-sutherland.at



**Kathrin Gack**  
*Germany*

**T:** +49 8 95 45 65 34 0  
kathringack@  
eversheds-sutherland.com



**Tatjana Tscherevko**  
*Germany*

**T:** +49 15170310939  
tatjanatscherevko@  
eversheds-sutherland.com



**Sarah Monnerville Smith**  
*France*

**T:** +33 1 55 73 40 34  
sarahmonnervillesmith@eversheds-  
sutherland.com

## US



**Ginger Faulk**

**T:** +1.202.383.0981  
gingerfaulk@  
eversheds-sutherland.com



**Mark Herlach**

**T:** +1.202.383.0172  
markherlach@  
eversheds-sutherland.com



**Sarah Paul**

**T:** +1.212.301.6587  
sarahpaul@  
eversheds-sutherland.com



**Jeffrey Bialos**

**T:** 1 202.445.1112  
jeffbialos@  
eversheds-sutherland.us



**Nicholas Hillman**

**T:** +1.202.383.0127  
nicholashillman@  
eversheds-sutherland.com



**Michael Petrov**

**T:** +1.404.853.8167  
michaelpetrov@  
eversheds-sutherland.com

## Switzerland



**Patrick Eberhardt**

T: + 41 22 818 45 00  
M: + 41 78 932 02 89  
patrick.eberhardt@  
eversheds-sutherland.ch



**Michael Lepper**

T: + 41 22 818 45 00  
M: + 41 78 625 02 79  
michael.lepper@  
eversheds-sutherland.ch



**Tigran Serobyan**

T: + 41 22 818 45 00  
M: +41767414687  
tigran.serobyan@  
eversheds-sutherland.ch

## Asia



**Adam Ferguson**

T: +852 2186 3248  
adamferguson@  
eversheds-sutherland.com



**Jocelyn Chow**

T: +852 2186 4933  
M: +852 6391 0269  
jocelynchow@  
eversheds-sutherland.com

## Middle East



**Clint Dempsey**

T: +971 4 389 7018  
M: +971 55 414 9734  
clintdempsey@  
eversheds-sutherland.com



**Rebecca Copley**

T: +971 4 389 7044  
M: +971 52 742 0913  
rebeccacopley@  
eversheds-sutherland.com

**eversheds-sutherland.com**

© Eversheds Sutherland 2022. All rights reserved.

Eversheds Sutherland (International) LLP is part of a global legal practice, operating through various separate and distinct legal entities, under Eversheds Sutherland. For a full description of the structure and a list of offices, please visit [www.eversheds-sutherland.com](http://www.eversheds-sutherland.com).

CLOUD\_UK\203438285\1  
47176316.4