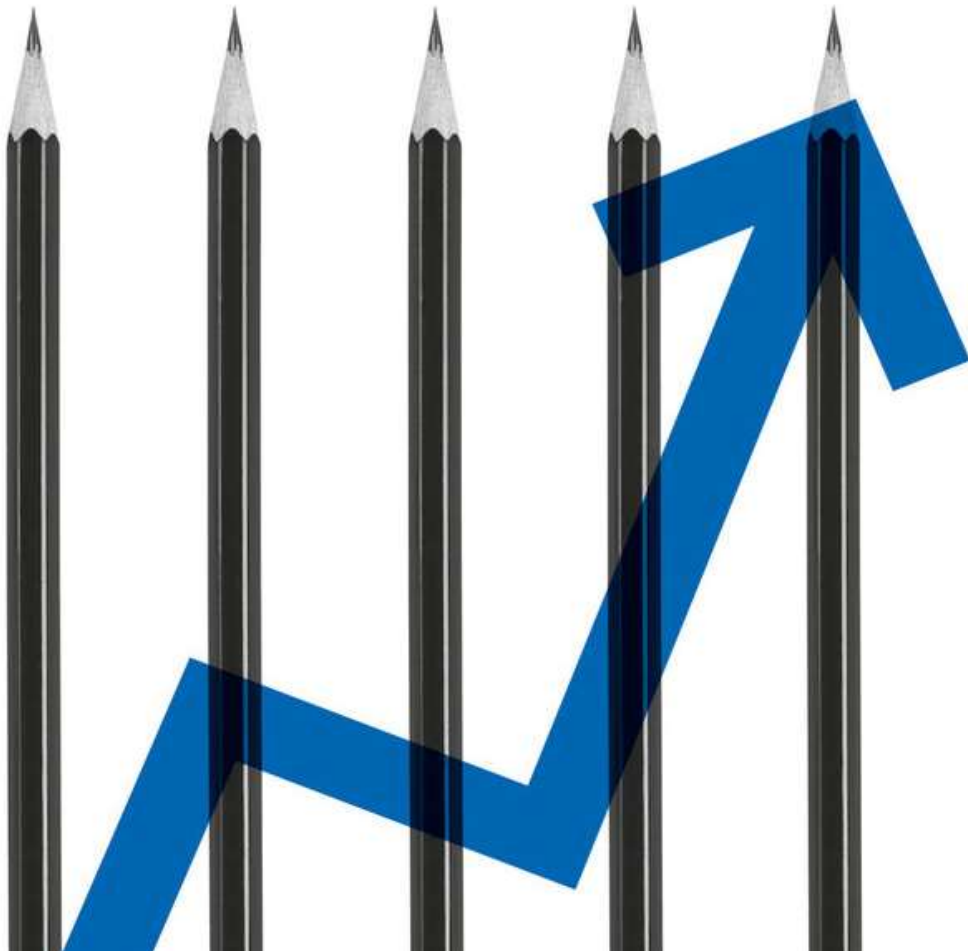


Keeping you up to speed

Russia and Belarus sanctions update

25 March 2022



Contents

INTRODUCTION 3
UNITED KINGDOM 4
EUROPEAN UNION 8
UNITED STATES 9
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 17 March 2022 and supplements our previous briefings on:

- [23 February 2022](#)
- [25 February 2022](#)
- [28 February 2022](#)
- [3 March 2022](#)
- [9 March 2022](#)
- [10 March 2022](#)
- [17 March 2022](#)

The intention for further restrictions is being communicated by the EU, UK and US on almost a daily basis and it is important to keep up to date with the legal position as and when restrictions are set out in law.



United Kingdom

The UK government has announced the following:

Asset Freezes

On 24 March 2022 further asset freezes were announced in respect of 59 individuals and entities. The designated targets individuals and entities believed to be aiding Russia's invasion of Ukraine including the Wagner Group, multiple defence companies and politicians and oligarchs.

The UK has now sanctioned over 1,000 individuals and businesses under the Russia sanctions regime since the invasion.

Accordingly, all funds and economic resources belonging to, owned, held or controlled by the Designated Persons are frozen (meaning it is prohibited for UK persons to deal with (among other things), directly or indirectly, such funds or economic resources) and it is also prohibited for UK persons to make funds or economic resources available, directly or indirectly, to or for the benefit of the Designated Persons. Under UK law, these restrictions also apply to entities which are owned more than 50%, or controlled by, the Designated Persons.

Prominent entities that have been designated include:

- Alfa-Bank JSC
- Alrosa
- Gazprombank
- Rushydro
- Russian Agricultural Bank
- Russian Railways
- SMP Bank
- Sovcomflot



General Licences - Russia

On 22 March 2022 OFSI issued general licence [INT/2022/1381276](#) in relation to the Central Bank of Russia, the National Wealth Fund of Russia and the Ministry of Finance of the Russian Federation. The General Licence allows an individual to provide financial services for the purposes of winding down any derivatives, repurchase, and reverse repurchase transactions entered into prior to 1st March 2022 with the Central Bank of Russia, the National Wealth Fund or the Ministry of Finance. An individual or relevant institution can carry out any activity reasonably necessary to effect this.

The general licence expires at 23:59 on 2 May 2022.

On 24 March 2022 OFSI also issued general licence [INT/2022/1424276](#) which permits an individual (other than a Designated Persons or a subsidiary) to wind down any transactions to which it is party including the closing out of positions. Designated Persons are defined as:

- Alfa Bank JSC
- GazPromBank
- Rosselkhozbank
- SMP Bank
- Ural Bank for Reconstruction and Development
- Subsidiaries of the Designated Persons.

A person, relevant institution, the Designated Persons or a subsidiary, can carry out any activity reasonably necessary to effect this.

This licence takes effect on 24 March 2022 and expires at 23:59 on 23 April 2022.

OFSI updates guidance on aggregation

OFSI has updated its [general guidance](#) by providing further information on the ownership and control aspect of UK sanctions. OFSI has clarified that when making an assessment on ownership and control, it will not aggregate different designated persons' holdings in a company.



The exception to this is where, for example, the shares or rights are subject to a joint arrangement between the designated parties or one party controls the rights of another. Consequently, if each of the designated person's holdings falls below the 50% threshold in respect of share ownership and there is no evidence of a joint arrangement or that the shares are held jointly, the company would not be directly or indirectly owned by a designated person.

It should be noted that ownership and control also relates to holding more than 50% of voting rights, the right to appoint or remove a majority of the board of directors and it being reasonable to expect that a designated person would be able in significant respects to ensure that the affairs of a company are conducted in accordance with their wishes.

If any of these apply, the company could be controlled by a designated person.



Sanctions against Belarus

On 24 March 2022 the UK government announced asset freezes against 6 Belarussian entities:

- Bank Dabrabyt Joint Stock Company
- CJSC Belbizneslizing
- Industrial-Commercial Private Unitary Enterprise Minotor-Service
- JSC TransAVIAexport Airlines
- Limited Liability Company Belinvest-Engineering
- OJSC KB Radar-Managing Company Holding Radar System

General Licence - Belarus

On Thursday 24 March 2022 OFSI issued [General Licence INT/2022/1424277](#) which allows an individual to wind down any transactions to which it is a party, including the closing out of positions with Bank Dabrabyt Joint Stock Company or its subsidiaries.

This licence also takes effect on 24 March 2022 and expires at 23:59 on 23 April 2022.



European Union

The European Council has issued a series of [FAQs](#) in relation to Russia sanctions. These cover a wide range of topics and provide further guidance on the published sanctions. In particular, the EU has clarified that, when considering ownership and control, the focus should be on the aggregated ownership of the company. For example, if one listed person owns 30% of the company and another listed person owns 25% of the company, the company should be considered as jointly owned and controlled by listed persons.

President Biden will be meeting EU members this week so we anticipate that further updates may be released.



United States

On March 11, 2022, President Biden had issued the [Executive Order Prohibiting Certain Imports, Exports, and New Investment with Respect to Continued Russian Federation Aggression, prohibiting the export of luxury goods from the US or by US persons to Russia](#). On March 16, 2022, the Bureau of Industry and Security of the US Department of Commerce ("BIS") published in the Federal Register a [final rule](#), with an effective date of March 11, 2022, adding a new § 746.10 ('Luxury goods' sanctions against Russia and Belarus and Russian and Belarusian Oligarchs and Malign Actors), prohibiting exports, re-exports, and transfers (in-country) of "luxury goods" to Belarus and Russia, as well as to designated Russian and Belarusian oligarchs and "malign actors," wherever located. The items listed in the final rule are very broad, and span beyond what are generally thought of as "luxury goods." The following are among the items listed on [Supplement No. 5 to 15 CFR Part 746](#) as "luxury goods":

Alcoholic beverages including: Beer Sparkling wine Wine Brandy Whisky Rum Gin Vodka Tequila	Tobacco, tobacco products, tobacco refuse, chewing tobacco	Nicotine products	Jewelry including: Pearls Diamonds Rubies Sapphires Emeralds Silver Gold
Make-up	Suitcases	Carpets	Tents
Perfumes and "toilet waters"	Handbags	Ski Suits and boots valued at \$1,000 per whole sale price in the US	Sails
Silk, silk waste, silkworm cocoons, silk clothes	Fur	Swimwear valued at \$1,000 per whole sale price in the US	Camping goods
Clothes and footwear valued at \$1,000 per whole sale price in the US	Artificial Fur	Scarves, handkerchiefs valued at \$1,000 per whole sale price in the US	Lifejackets



Bird skins and parts	Sports equipment	Blankets	Lifelbelts
Porcelain, china, tableware, kitchenware, glassware	Yacht parts	Vehicles	Ivory and articles of ivory
Grand pianos	Artist brushes	Paintings, sculpture, statues, and mosaics of an age exceeding 100 years	Animal bones, horns etc.
Powder puffs and pads to apply cosmetics, toilet prep	Fountain pens	Molder or carved articles of wax	Wrist watches, watch bands, watch cases

The only license exceptions for the export, re-export, or transfer of luxury goods to Russia and Belarus are for (1) personal baggage of individuals and crew members, and (2) US civil aircraft for temporary sojourn abroad. There is no license exception for the export, re-export, or transfer of luxury goods to the designated Russian and Belarusian oligarchs and “malign actors.” BIS has a policy of denial for license applications.

On March 18, 2022, BIS published a [press release](#) with identifying information for publicly identified commercial and private aircraft that have flown into Russia in apparent violation of US export controls, notifying the public that any person anywhere risks violating US export controls and being subject to BIS enforcement actions which could include substantial jail time, fines, loss of export privileges, or other restrictions, if they provide any form of service to these aircraft without authorization from BIS.

Also on March 18, 2022, the Office of Foreign Assets Control of the US Department of the Treasury (“OFAC”) issued new General License 24, authorizing transactions related to the provision or receipt of civil maritime services performed by individuals resident in the Donetsk People’s Republic (“DNR”) or Luhansk People’s Republic (“LNR”), or any other region to be determined at a later time (collectively, the “Covered Regions”), as long as the services are not performed in the Covered Regions or not on behalf of an entity located in or organized under the laws of the Covered Regions.

On March 24, 2022, OFAC –

- Added the Russian Duma and 328 members of it, 48 Russian companies in Russia’s defense sector, and Sberbank’s CEO to the Specially Designated Nationals and Blocked Persons List (“SDN List”) in



an effort to “strick[e] at the heart of Russia’s ability to finance and carry out its warfare and atrocities against Ukraine.”¹ Among the newly designated companies are as follows:

- Tactical Missiles Corporation JSC (“KTRV”), 28 of KTRV’s affiliates, and the General Director of KTRV;
 - JSC NPO High Precision Systems (High Precision Systems)
 - NPK Tekhmash OAO (Tekhmash)
 - Joint Stock Company Russian Helicopters (Russian Helicopters) and 15 companies owned or controlled by Russian Helicopters
 - Joint Stock Company Kronshtadt (Kronshtadt)
- Amended –
 - Russia-related [General License 6A](#), extending the authorization for transactions related to agricultural and medical commodities and the COVID-19 pandemic to ongoing clinical trials and other medical research activities that were in effect prior to March 24, 2022.
 - Russia-related [General License 17A](#) extends the wind-down deadline for transactions related to imports of Russian seafood pursuant to written contracts entered into prior to March 11, 2022 through 12:01 am EDT June 23, 2022.
 - Issued –
 - Russia-related [General License 20](#), authorizing US persons to engage in transactions ordinarily incident and necessary to the official business of third-country diplomatic or consular missions in Russia.
 - Ukraine-/Russia- related [General License 25](#), authorizing US person news reporting organizations and individuals regularly employed by a news reporting organization, either as journalists (including photojournalists) or as supporting broadcast or technical personnel, to engage in certain transactions in the Crimea region of Ukraine, the so-called Donetsk People’s Republic (DNR) or Luhansk People’s Republic (LNR) regions of Ukraine, or any other region to be determined at a later time (collectively, the “Covered Regions”), to the extent such transactions are ordinarily incident and necessary to their journalistic activities in the Covered Regions.
 - Issued –
 - New [FAQ #1,029](#) about the impact of the new Russia sanctions on gold-related transactions, clarifying that (1) non-US persons face secondary sanctions enforcement risk if (i) they directly or indirectly aid circumvent US sanctions; (ii) operate in the Russian financial services sector; or (iii) materially assist sanctioned persons, including through the

¹ “U.S. Treasury Sanctions Russia’s Defense-Industrial Base, the Russian Duma and Its Members, and Sberbank CEO” OFAC (Mar. 24, 2022), <https://home.treasury.gov/news/press-releases/jy0677>.



use of gold or other precious metals; and (2) US persons are prohibited from engaging in or facilitating gold-related transactions involving blocked persons, the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, the Ministry of Finance of the Russian Federation, as well as Sberbank and its affiliates subject to Directive 2 under Executive Order 14024.

- Amended [FAQ #1,023](#), which reflects the extension of the seafood import deadline through June 23, 2022
- Amended [FAQ #1,024](#), which reflects the extension of the seafood import deadline through June 23, 2022

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



James Cottrell

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



Lizzy Coleman

T: +44 20 7919 4780
M: +44 776 764 7184
elizabethcoleman@
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



Courtney Mackness

T: +44 20 7919 0930
M: +44 778 961 6774
courtneymackness@
eversheds-sutherland.com



Jack Wray

T: +44 20 7919 1807
M: + 44 778 836 0849
jackwray@
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 Röhsner
Austria

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



Kathrin Gack
Germany

T: +49 8 95 45 65 34 0
M: +49 15170370366
kathringack@
eversheds-sutherland.com



Tatjana Tscherevko
Germany

T: +49 15170310939
M: +49 8 95 45 65 11 3
tatjanatscherevko@
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



Vedia Eidelman

T: +1.202.383.0805
vediaeidelman@
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
jocelyncchow@
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.

MAN_002\11511248\3

47176316.4