

# Russia Guidance

Guidance for the financial and investment restrictions in Russia (Sanctions) (EU Exit) Regulations 2019



HM Treasury  
Office of Financial  
Sanctions Implementation



## Russia (Sanctions) (EU Exit) Regulations 2019

The Office of Financial Sanctions Implementation (OFSI), part of HM Treasury, is responsible for improving the understanding, implementation and enforcement of financial sanctions in the UK. We publish a list of individuals and organisations subject to financial sanctions as well as general guidance to help you comply. This is available on OFSI's gov.uk webpages – see the back page of this guidance.

The Russia (Sanctions) (EU Exit) Regulations 2019 (the Regulations) impose financial, trade, transport and immigration sanctions to encourage Russia to cease actions which destabilise Ukraine, including actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. Various amendments to the Regulations have also been published under this regime and should be read alongside this

guidance. The territorial extent of the Regulations includes the entirety of the UK, and it also applies to conduct by UK persons – both nationals and corporate bodies - outside of the UK. The Regulations entered into force on 1 January 2020 and replace the previous EU sanctions regime relating to Russia's actions in Ukraine.

The names of designated persons are not included in the Regulations, but instead appear on the administrative list on gov.uk. This enables immediate publication following a decision to make or amend a designation, limiting the opportunity for asset flight.

### OFSI guidance on Russia Regulations

While there are different types of sanctions outlined in the Regulations, this guidance produced by OFSI expands specifically on financial and investment restrictions and additional reporting obligations for designated persons and relevant firms. In

addition to asset freezes, which are common among other sanctions regimes, these restrictions include additional unique measures that restrict access to capital markets, loans and credit arrangements, clearing services, dealing in reserves for certain Russian state-owned financial institutions, investments in Russia and investments in non-government controlled Ukrainian territory. There are also restrictions on the provision of trust services.

They also detail restrictions on investments in relation to the Republic of Crimea and the city of Sevastopol.

Any exceptions related to each restriction, including instances where you may be able to apply for a licence from OFSI, are also outlined.

This guidance details instances involving financial sanctions only but there is guidance available on the other types of sanctions restrictions detailed in the Regulations, affecting transport, immigration, and trade sanctions in respect of Russia.

That additional guidance is published by the respective UK government departments which includes the Department for Business and Trade, Home Office and the Foreign Commonwealth and Development Office. Guidance on the ban on provision of maritime services related to Russian oil (the “oil price cap”) is available on the OFSI website.

To achieve their purposes, the Regulations impose a number of prohibitions and obligations. The Regulations establish penalties and offences to enforce these, which are set out in detail in the corresponding report made under section 18 of the Sanctions and Anti-Money Laundering Act 2018 (SAMLA) and the supporting Russia (Sanctions) (EU Exit) (Amendment) regulations which are available on gov.uk.

### **Asset Freezes**

The Regulations detail financial prohibitions in relation to designated persons (DPs). DPs are persons (natural or legal) who are subject to financial sanctions. These sanctions include

but are not limited to: asset freezes, restrictions on making funds and or economic resources available to, or for the benefit of, DPs, either directly or indirectly.

There are exceptions to some of the asset freezing provisions which apply within certain defined circumstances. Additionally, where a DP’s assets have been frozen, the person or a representative may apply for a licence from OFSI to enable an otherwise prohibited use of frozen funds or economic resources, in certain circumstances. For further information on asset freezes, see OFSI’s general guidance on Financial Sanctions.

### **Other restrictions: financial services and investments**

#### *Transferable securities or money-market instruments*

The Regulations detail prohibitions on dealing in certain transferable securities and money market instruments. They prohibit dealing with, directly or indirectly, a transferable security or money market instrument if it has a maturity exceeding 30 days and was issued after 1 August 2014 by the following listed in the box below:

- Sberbank
- VTB Bank
- Gazprombank
- Vnesheconombank (VEB)
- Rosselkhozbank
- An entity incorporated or constituted in a country other than the UK which is owned directly or indirectly by one or more of the banks listed above

The Regulations also prohibit dealing, directly or indirectly, with a transferable security or money market instrument if it has a maturity exceeding 30 days and was issued after 12 September 2014 by any of the following banks set out in the box below:

- OPK Oboronprom
- United Aircraft Corporation
- Uralvagonzavod
- Rosneft
- Transneft
- Gazprom Neft
- An entity incorporated or constituted in a country other than the UK which is owned, directly or indirectly, by one of these entities.

It is prohibited for a person to deal directly or indirectly with a transferable security or money-market instrument if it has a maturity exceeding 30 days, and was issued after 0:01 on 1 March 2022, if it was issued by a person other than an individual which is:

- incorporated and constituted under the law of the UK and
- owned by a person falling within Schedule 2
- a person other than an individual acting on behalf or at the direction of 1 and 2 above

It is prohibited for a person to deal directly or indirectly with a transferable security or money-market instrument if it is issued after 0:01 on 1 March 2022 by or on behalf of

- a person connected with Russia that is not:
  - a person falling within schedule 2
  - a person, other than an individual which at 0:01 on 1 March 2022, is domiciled in a country other than Russia, or a branch or subsidiary of such a person wherever located
- an entity owned or acting on behalf or at the direction of any of the above.

It is also prohibited to deal with transferable securities or money market instruments that were issued after 0:01 on 16 December 2022 by:

- a person who is not connected with Russia; and
- for the purposes of an activity mentioned by Regulation 18B (investments in relation to Russia)

For the purposes of the Regulations, a person connected with Russia is defined as:

- an individual who is, or an association or combination of persons who are, ordinarily resident or located in Russia
- a person, other than an individual who is incorporated or constituted under the law of Russia, or domiciled in Russia

It is also prohibited for a person to deal directly or indirectly with a transferable security or money-market instrument which was issued after 0:01am on 1 March 2022, by or on behalf of the government of Russia.

“Government of Russia” means—

- the Presidency of the Russian Federation
- public bodies and agencies subordinate to the President of the Russian Federation, including the Administration of the President of the Russian Federation
- the Chairman of the Government of the Russian Federation and the deputies of the Chairman of the Government
- any Ministry of the Russian Federation
- any other public body or agency of the Government of the Russian Federation, including the armed forces and law-enforcement organs of the Russian Federation
- the Central Bank of the Russian Federation

“Money-market instrument” means an instrument of any kind normally dealt with on the money market, such as treasury bills, certificates of deposit and commercial papers, excluding instruments of payment.

“Transferable security” is a security that’s negotiable on the capital markets, including

shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares. It also includes bonds or other forms of securitised debt, including depositary receipts in respect of such securities.

Other securities that give the right to purchase or sell any security of a kind mentioned above are also covered by the term. However these do exclude instruments of payment.

### **Loan and credit arrangements**

You must not, directly or indirectly, grant, or enter into any arrangement to grant a new loan or credit with a maturity exceeding 30 days (a category 1 loan) to:

- Sberbank
- VTB Bank
- Gazprombank
- Vnesheconombank (VEB)
- Rosselkhozbank
- OPK Oboronprom
- United Aircraft Corporation
- Uralvagonzavod
- Rosneft
- Transneft
- Gazprom Neft
- An entity incorporated or constituted in a country other than the UK which is owned by one of the abovementioned entities, or an entity acting on behalf or at the direction of one of the above entities

Some entities listed immediately above which appear in Schedule 2 of the Regulations are also subject to an asset freeze. To see all individuals and entities subject to an asset freeze, please consult OFSI's consolidated list.

After 0:01 on 1 March 2022, you must not directly or indirectly, grant, or enter into any arrangement to grant any loan or credit with a maturity exceeding 30 days (a category 2 loan) to:

- an entity which is incorporated or constituted under the law of the UK and owned by an entity listed under Schedule 2

After 0:01 on 1 March 2022, you must not directly or indirectly, grant any loan or credit (a category 3 loan) to:

- a person other than an individual, connected with Russia
- the government of Russia
- which is not either a category 1 or category 2 loan, or a loan made or granted to a person other than an individual which is domiciled in a country other than Russia

After 0:01 on 29 October 2022, you must not directly or indirectly, permit or enter into, any arrangement to grant a loan or credit with maturity exceeding 30 days (a category 5 loan) to:

- a person connected with Russia other than a person who on 29 October 2022 is incorporated or constituted in a country other than Russia; or a person owned by the above
- a person owned by a person connected with Russia
- a person which is owned by a person connected with Russia who is an individual

After 0:01 on 16 December 2022 you must not directly or indirectly permit, or enter into any arrangement to grant any loan or credit to a person who is not a person connected with Russia (a category 6 loan) where:

- The purpose of the loan is for an activity mentioned by Regulation 18B
- It is also prohibited to make funds or economic resources available to a person, which is not a person connected with Russia, where the purpose of making those funds or economic resources available is to enable that person to grant a loan that would otherwise be prohibited by Regulation 17.

### **Correspondent banking relationships**

There are prohibitions on correspondent banking relationships.

A UK credit or financial institution must not establish or continue a correspondent banking relationship with:

- a designated person
- a UK credit or financial institution which is owned or controlled directly or indirectly by a DP
- a non-UK credit or financial institution which is owned or controlled directly or indirectly by a DP

A UK credit or financial institution is also prohibited from processing a sterling payment to, from or via a designated person, or a credit or financial institution which is owned or controlled directly or indirectly by the designated person, if it has reasonable cause to suspect that the payment is to, from or via a designated person.

Processing a payment includes clearing and settling a payment. This applies to payment chains or third party payments.

### **Foreign exchange reserve and asset management**

A UK individual or entity must not provide financial services for the purpose of foreign exchange reserve and asset management to:

- the Central Bank of the Russian Federation
- the National Wealth Fund of Russian Federation
- the Ministry of Finance of the Russian Federation
- a person owned or controlled, directly or indirectly, by any of the persons above
- a person acting on behalf of, or at the direction of, any of the persons above

Foreign exchange reserve and asset management means activities relating to the reserves or assets of the persons listed above. This includes money market instruments (including cheques, bills and certificates of deposit); foreign exchange; derivative products (including futures and options); exchange rate and interest rate instruments (including products such as swaps and forward rate agreements); transferable securities; other negotiable instruments and financial assets (including bullion); and special drawing rights.

### **Exceptions**

The prohibitions outlined in relation to loans and credit arrangements are not breached if any of the following are granted:

- a relevant loan that makes emergency funds available to meet applicable solvency or liquidity criteria for a relevant subsidiary, as defined in the Regulations
- a relevant loan consisting of a drawdown or disbursement made under an arrangement that was entered in to before either:
  - 15 September 2014 for a category 1 loan
  - 0:01 on 1 March 2022 for a category 2 or category 3 loan

There is an exception for the processing of sterling payments. This does not apply to the processing of a sterling payment for any fee or charge required to permit an aircraft to overfly, land in or take off from Russia.

The national security or prevention of serious crime exception applies to all prohibitions.

### **Investments in relation to Crimea**

Any reference to Crimea in the Regulations means the Autonomous Republic of Crimea and the city of Sevastopol.

Under the Regulations, it is prohibited to directly or indirectly, extend a participation, or acquire any ownership interest, in land located in Crimea. The same restrictions also apply when it comes to acquiring any ownership interest in an entity which has a place of business located in Crimea (a "relevant entity").

There is also a prohibition on granting any loan or credit to a relevant entity. This prohibition includes entering into any arrangement to grant a loan or credit, or otherwise provide funds, including equity capital, to a relevant entity, or for the purpose of financing any such entity.

It is prohibited to establish a joint venture in Crimea or with a relevant entity.

It is also prohibited to provide any investment services directly related to any of the activities listed above.

### **Exceptions**

Provided that a person notifies HM Treasury no later than five working days before the day on which an act is carried out, no prohibition relating to investments in Crimea are contravened by a person meeting an obligation under a contract that was concluded before 20 December 2014. This includes an ancillary contract necessary to satisfy such a contract. Additionally, the prohibitions on investments in Crimea are not contravened by a person operating outside Crimea where the related investment is not destined for an entity in Crimea.

Additionally, where an activity would otherwise be prohibited in relation to investments in Crimea, a person or their representative may apply for a licence from OFSI to carry out those activities in certain circumstances. OFSI expects that legal and professional advisers will have fully considered the relevant law and formed a view about an application before approaching OFSI for guidance or submitting an application. All applications are assessed against the relevant Regulations and are done so on a case by case basis.

### **Investments in Russia**

There are prohibitions on investing in Russia, in addition to the loans and transferable securities prohibitions in the Regulations. You are restricted from making **direct** acquisitions of any ownership interest in land in Russia and in persons (other than individuals) connected with Russia. You are also prohibited from making **indirect** acquisitions of any ownership interest in land or persons (other than individuals) connected with Russia (for example acquisitions of ownership interest in third-country firms which own land in Russia or own persons connected with Russia) for the purpose of making funds or economic resources available to or for the benefit of persons connected with Russia. You are also prohibited from **direct or indirect** acquisitions of any ownership or control interest in

persons which are not persons connected with Russia, for that purpose.

The establishment of certain commercial arrangements in Russia is also prohibited. Namely, establishing new branches, offices and subsidiaries in Russia, as well as joint ventures with persons connected with Russia.

Providing investment services directly related to any of the above activities is prohibited.

Where these activities would otherwise be prohibited and the exceptions below do not apply, a person may apply for a licence from OFSI to carry out activities in certain specified circumstances. These can be found in Regulation 7 of the Regulations.

### **Exceptions**

None of these prohibitions will be contravened by a person undertaking an act to meet an obligation under a contract that was concluded before 19 July 2022 (or an ancillary contract necessary for the satisfaction of that contract), provided that person notifies HM Treasury no later than 5 working days before the day on which an act is carried out.

Additionally, the above prohibitions are not contravened by dealing with relevant transferable securities as defined in the Regulations. In particular:

- if this would be prohibited under Regulation 16 of the Russia Regulations;
- relevant transferable securities issued by:
  - a person connected with Russia where the security was admitted to trading on a regulated market or multilateral trading facility prior to 19 July 2022.
  - securities that are negotiable on the capital market and are issued by persons who are not connected with Russia for the purpose of an activity that is not prohibited by Regulation 18B.

## Trust services

There are prohibitions on providing trust services to or for the benefit of persons connected with Russia and designated persons.

In particular, a UK person anywhere, or person within the UK, must not provide trust services:

- to or for the benefit of a person connected with Russia unless pursuant to an ongoing arrangement pursuant to which that person provided those services to or for the benefit of the person connected with Russia immediately prior to 16 December 2022
- to or for the benefit of a person designated for the purposes of Regulation 18C (trust services)

The provision of trust services means:

- creating a trust or similar arrangement
- providing a registered office, business address, correspondence address, or administrative address for a trust or similar arrangement
- operating or managing a trust or similar arrangement
- acting or arranging for another person to act as a trustee of a trust of similar arrangement

## Exceptions

The prohibitions outlined in relation to the provision of trust services do not apply if the trust services are provided in relation to discharging or complying with obligations for purposes including:

- the discharge or compliance with UK statutory or regulatory obligations
- the maintenance of an asset freeze
- dealing with transferable securities or money market instruments where such dealing with is not prohibited by Regulations 16 (securities restrictions) and 18B (investment restrictions)

The trust services restrictions are also not contravened if the services are not provided

primarily to, or for the benefit of, a designated person or person connected with Russia and are provided in respect of:

- community amateur sports clubs registered with HMRC
- certain UK charities
- registered pension schemes
- certain activities relating to financial services and markets.

The trust services restrictions also do not apply if the services are not provided primarily to or for the benefit of a designated person and are provided for making funds and economic resources available to or for the benefit of a minor, or vulnerable adult.

## Licensing

### Asset freezes

Where a transaction involves a designated person who is subject to an asset freeze, you may be able to obtain a licence to allow the activity to take place without breaching financial sanctions.

OFSI may issue a licence in respect of the asset freeze prohibitions for:

- basic needs
- legal services
- maintenance of frozen funds and economic resources
- extraordinary expenses
- pre-existing judicial decisions
- extraordinary situation
- prior obligations
- consular posts
- humanitarian assistance activity
- medical goods and services
- production or distribution of food for the civilian population
- diplomatic missions

### Securities, loans and credits

OFSI may issue a licence under the securities, loans and credit restrictions for:

- humanitarian assistance activity
- medical goods and services
- production or distribution of food for the civilian population

- diplomatic missions
- space activity
- extraordinary situation

### *Correspondent banking relationships & Payment Processing*

OFSI may issue a licence under the correspondent banking relationships and processing payments restrictions for:

- basic needs
- legal services
- financial regulation
- extraordinary situations
- humanitarian assistance activity
- medical goods and services
- production or distribution of food for the civilian population
- diplomatic missions
- space activity

### *Foreign exchange reserve and asset management*

OFSI may issue a licence under the prohibitions relating to foreign exchanges reserve and asset management for:

- humanitarian assistance activity
- financial regulation
- financial stability
- safety and soundness of a firm
- extraordinary situation

### *Investment in Crimea*

OFSI may issue a licence under the investments in Crimea restrictions for

- consular posts
- medical and educational purposes
- health and the environment

### *Trust services*

OFSI may issue a licence under the trust services restrictions for:

- extraordinary situations
- humanitarian assistance activity
- medical goods and services
- production or distribution of food to the civilian population
- diplomatic missions
- safety and soundness of a firm
- financial regulation

- financial stability
- unauthorised unit trusts

### *General Licences*

OFSI has issued General Licences under this regime. For details of the General Licences that are in force, please visit OFSI's General Licence page at:

<https://www.gov.uk/government/collections/ofsi-general-licences>

For more details on OFSI's specific licences and to find out how to apply for a licence, please visit:

<https://www.gov.uk/guidance/licences-that-allow-activity-prohibited-by-financial-sanctions>

### *Trust services General Licence*

OFSI has issued a wind down General Licence which permits a person to undertake any activity, otherwise prohibited by the trust services sanctions, necessary to terminate an arrangement between them and a designated person (designated for the purposes of Regulation 18C) for that person to provide trust services. The General Licence does not permit activity in breach of the asset freeze or that is exempt under Regulation 60ZZB (1) (b). The wind down period provided for by the General Licence is 90 calendar days, effective from the date of designation of the person to whom the trust services are being provided for the purposes of Regulation 18C, and will expire at 23:59 on the 90<sup>th</sup> day. Any persons intending to use the General Licence should first consult the copy of the Licence and refer to OFSI's general guidance.

Any person using the General Licence must report the following to OFSI within 30 calendar days of undertaking any activity under the General Licence:

- details of the designated person(s)
- participants to the trust who are owned or controlled by a designated person or who are not owned or controlled by a designated person but are providing trust services to or for their benefit
- value and type of assets



- details of activity undertaken under the General Licence.

The reporting form can be found at the following page and should be emailed to OFSI on completion.

<https://www.gov.uk/government/publications/sanctions-trust-services>

## Reporting

### *Reporting of funds or economic resources for entities listed in Regulation 18A(1)*

If you are a relevant firm and hold any funds or economic resources for a person to whom the provision of certain financial services is prohibited by regulation 18A(1) (“a prohibited person”) you must report this to OFSI as soon as practicable.

When reporting to OFSI you must include the:

- nature and amount or quantity of funds and economic resources held
- information or other matter on which the knowledge or suspicion is based

You must complete OFSI's reporting form and submit it to [ofsi@hmtreasury.gov.uk](mailto:ofsi@hmtreasury.gov.uk)

You are also required to submit an annual report to OFSI for so long as the relevant firm continues to hold those funds or economic resources. OFSI provides a standard reporting form to complete and submit to [ofsi@hmtreasury.gov.uk](mailto:ofsi@hmtreasury.gov.uk). The annual report must be made by 31 October and should reflect the nature and amount of quantity of funds and economic resources held as of 30 September in that calendar year.

### *Reporting of funds and economic resources owned, held or controlled by designated persons*

If you are a designated person (DP) who is designated under the Regulations who is a “United Kingdom person” within the meaning of s21(2) and (3) of SAML, you are required under regulation 70A(1) to disclose any funds or economic resources you own, hold or control and the nature, value and location of

those funds or economic resources regardless of where in the world they are located.

If you are a DP who is not a United Kingdom person you are required to report under regulation 70A(2) the nature, value and location of your UK funds and economic resources.

Your initial report must be provided within 10 weeks of:

- the date the legislation comes into force - 26 December 2023
- the date of designation

whichever is later (the “relevant date”). Your report should reflect the nature, value and location of your funds and economic resources as at the relevant date.

Any subsequent change in financial circumstances must be reported to OFSI as soon as practicable.

You must report any funds or economic resources if the value of those funds or economic resources exceeds the value of £10,000. If multiple funds or economic resources of the same type (for example, jewellery, art, bank accounts), taken together exceed £10,000, this must also be reported.

OFSI's designated person reporting form can be used to make your report – please complete and submit it to [ofsi@hmtreasury.gov.uk](mailto:ofsi@hmtreasury.gov.uk).

It is an offence to, without reasonable excuse, fail or refuse to comply with this obligation. It is also an offence to, knowingly or recklessly, give information which is false in a material particular. However, as noted below, OFSI can impose civil monetary penalties for breaches of regulation 70A on a strict civil liability basis.

### *Powers given to HM Treasury to impose penalties for breaches of Regulation 70A*

OFSI has the power to impose a monetary penalty for non-compliance. The permitted maximum for any monetary penalty for non-compliance with this obligation is set out at regulation 88C.

- (1A) The Treasury may impose a monetary penalty on a person if they are satisfied, on the balance of probabilities,

that the person has committed an offence under regulation 70A (designated persons: reporting obligations).

(5) The amount of the penalty under paragraph (1), (1A) or (3) is to be such amount as the Treasury may determine but it may not exceed the permitted maximum.

(6A) Where it is possible to estimate the value of the funds or economic resources which the Treasury have not been informed of under regulation 70A(1), (2) or (5) (as the case may be), the permitted maximum is the greater of—

- (a) £1,000,000, and
- (b) 50% of the value of the funds or economic resources which the Treasury have not been informed of.

(7) In any other case, the permitted maximum is £1,000,000.

OFSI can impose civil monetary penalties for breaches of regulation 70A on a strict civil liability basis. This means there is no requirement for OFSI to consider whether a person acted without reasonable excuse, or with knowledge or recklessness when considering whether to issue a civil monetary penalty. However, OFSI will still need to demonstrate on the balance of probabilities that a breach occurred. This amendment applies to consideration of civil liability and the imposition of a monetary penalty and is not relevant to any assessment of whether a criminal offence has been committed under sanctions regulations.

The obligation is enforced by OFSI through a robust civil enforcement regime backed up by a criminal prosecution option.

### *Case Assessment Process for breaches of Regulation 70A*

OFSI will carry out assessments on a case-by-case basis and will take several factors into account when assessing a case, that can either aggravate or mitigate, when determining the facts and how seriously OFSI view a case. These can include the following:

- the financial value (which may be a reasonable estimate) of the unreported assets
- an assessment of the harm, or the risk of harm, done to the sanctions regime's objectives
- the behaviour of the designated person including, for example, whether the breach appears to be deliberate or not
- the intentional participation in activities knowing that the object or effect of them is (directly or indirectly) to circumvent any of the prohibitions or to enable or facilitate the contravention of any such prohibition or requirement

OFSI takes circumvention very seriously. It attacks the integrity of the financial system and damages public confidence in the foreign policy and national security objectives that the sanctions regimes support.

### *Process for imposing a penalty for breaches of Regulation 70A*

The monetary penalty threshold is reached if the case meets the test in r88C(1A) of the Regulations; that is, on the balance of probabilities, there has been a breach.

Due to the strict and non-ambiguous nature of this obligation, OFSI generally considers breaches of this obligation as a serious offence. OFSI will assess each suspected breach on its merits to create a monetary penalty recommendation. If the penalty threshold is reached, we may impose a penalty.

This recommendation is then considered by a decision maker, who can decide to agree, change or reject the recommendation. If OFSI is minded to impose a monetary penalty, this is then communicated to the person on whom OFSI intends to impose the penalty. They have a right to make representations which could change OFSI's view on whether a monetary penalty should be imposed, or the value of any penalty.

### **Contacting OFSI**

If you find out that a person or organisation you are dealing with is subject to financial sanctions as detailed in the Regulations, you must immediately:

- stop dealing with them
- freeze any assets you are holding for them
- inform OFSI as soon as possible by emailing [ofsi@hmtreasury.gov.uk](mailto:ofsi@hmtreasury.gov.uk)

## Frequently asked questions

- 1) *Do the asset freeze and restrictions on making funds and economic resources available apply to persons, who are not individuals, owned or controlled by designated persons listed on OFSI's Consolidated List? Where can I find reference to those persons owned or controlled by designated persons?*

If a person is designated, their name will be recorded on the Consolidated List. The asset freeze and restrictions on making funds and economic resources available apply to designated persons and to persons, who are not individuals, that are owned or controlled directly or indirectly by a designated person. Persons who are owned or controlled directly or indirectly by a designated person may not be designated in their own right, in which case their names will not appear on the Consolidated List. Please note that "persons who are not individuals" refers to legal persons including a body of persons corporate or unincorporate, any organisation and any association or combination of persons.

There is no list of those persons owned or controlled by designated persons, who are not designated in their own right. It is up to each party to exercise their own due diligence and consider whether a designated person owns or controls the person. More information on ownership and control can be found in [Chapter 4 of OFSI's general guidance](#).

- 2) *Aggregate ownership: If two or more designated persons are each minority shareholders in a non-designated person, but their aggregate ownership amounts to more than 50% of that non-designated person, should that non-designated person be considered as being owned by a designated person for the purpose of the Russia (Sanctions) (EU Exit) Regulations 2019 (the Regulations)?*

When making an assessment of ownership or control, OFSI would not aggregate different designated persons' shareholdings in a company, unless, for example, the shares or rights are subject to a joint arrangement between the designated persons or one

designated person controls the rights of another designated person.

Regulation 7 sets out what is meant by a person being owned or controlled directly or indirectly by a designated person.

If each of the designated persons' shareholdings is at 50% or falls below the 50% threshold in respect of share ownership and there is no evidence of control over the non-designated person, the non-designated person will not be subject to sanctions. However, if there is evidence of control, the non-designated person will be subject to sanctions.

- 3) *What measure (if any) should companies adopt in respect of designated persons with shares in a UK financial institution?*

Shares qualify as 'funds' and therefore must be frozen if owned, held or controlled by a designated person (see Regulation 11). Accordingly, unless there is an applicable exception or OFSI licence in place, it is prohibited to "deal with" shares that are frozen, which includes dealing with the shares in a way that would result in any change in their volume, amount, location, ownership, possession, character or destination.

- 4) *Can Russian nationals resident in the UK open or maintain UK bank accounts?*

If a person is not designated under a sanctions regime, and is not owned or controlled by a person designated under a sanctions regime, they will not be subject to the financial sanctions. As such, they will not be prohibited under financial sanctions from opening or maintaining a UK bank account.

- 5) *Should a UK credit or financial institution process payments that are received directly or indirectly from a bank designated for the purposes of regulation 17A, when both the remitting account holder and beneficiary account holder are not designated?*

No. Regulation 17A(2) prohibits UK credit or financial institutions (referred to as banks within this response) from processing

payments which have previously been processed by banks designated for the purposes of that regulation. In other words, the prohibition prevents UK banks from clearing and settling the payment. However, the legislation permits the first credit of funds into the UK bank's account (in their name, excluding any accounts where funds are held on behalf or for the benefit of a customer) given that banks may not receive detailed payment information prior to initial receipt of funds for some transfers. An exception under regulation 59A(2) enables banks to move funds internally (excluding to customer accounts) for the purposes of complying with regulation 17A(2) without breaching this prohibition.

Regulation 17A(2) prohibits UK banks from the onward processing of payments which have previously come from, been routed via, or which are intended to be paid to banks designated under the regulation. This includes cases where the designated bank is involved in the transaction as the remitting bank, a correspondent or intermediary bank in the payment chain or the beneficiary bank. Similarly, it includes cases where the UK bank is involved as a correspondent, intermediary or beneficiary bank in the payment chain. Annex A shows two example scenarios where a payment may be stopped by the UK's financial sanctions under regulation 17A.

Regulation 17A(2) prohibitions also apply to banks owned or controlled by banks designated under the regulation.

Some of OFSI's general licences permit payments that would otherwise be prevented by Regulation 17A. If you are an account holder in such a transaction, please consult OFSI's general licence page and contact your bank to clearly explain how the transaction meets the criteria for the relevant general licence.

If there is a relevant licensing ground which applies to the transaction, OFSI may be able to issue a specific licence to enable a UK bank to process the payment. Licensing grounds applicable to these transactions, these are set

out at Parts 1B and 1C of Schedule 5 of the Russia Regulations.

6) *Do the Regulations prohibit the payment of dividends to designated persons?*

Regulations 12 and 13 prohibit making funds available to, or for the benefit of, designated persons. Regulation 58(4) provides an exception from these which allows a relevant institution (as defined in Regulation 58) to credit a frozen account held by a designated person under specific circumstances.

7) *A Russian resident who is not a designated person and not acting on behalf of a designated person holds accounts at a sanctioned bank that is subject to an asset freeze. Can a UK person accept wire transfers from this Russian resident if made from an account held with this sanctioned bank?*

No. If funds are deposited in a sanctioned bank, a transfer of funds from said bank cannot be accepted by a UK person in the absence of an OFSI licence. This is noting that such a transfer would otherwise constitute dealing with funds owned, held or controlled by a designated person (the sanctioned bank) in contravention of Regulation 11. This is the case irrespective of whether the account holder or the person receiving the funds is designated.

8) *Are UK entities' subsidiaries located outside the UK expected to comply with UK sanctions?*

UK financial sanctions apply to all persons within the territory and territorial sea of the UK, and to all UK persons wherever they are in the world. UK persons will include legal persons established under UK law, including their branches.

Please further note that to come within OFSI's enforcement of financial sanctions, there has to be a connection to the UK, which we call a UK nexus. A UK nexus will be considered on a case-by-case basis, but might be created by such things as a UK company working overseas, transactions using clearing services

in the UK, or in respect of a UK company directing the overseas actions of a local subsidiary (these examples are not exhaustive).

- 9) *Would a licence be required for a UK company to pay a non-designated Russian resident's pension either to a UK bank or to a non-sanctioned Russian bank?*

A payment from a UK company to a non-designated person would not need to be licenced provided that none of the persons in the payment chain are either designated or owned or controlled by a designated person.

- 10) *If a General Licence expires, can you still make payments to a frozen account of a Designated Person?*

Once a General Licence has expired, it cannot be relied upon to lawfully make a payment that would otherwise be prohibited under sanctions regulations.

If there is no General Licence in place, unless there is an applicable exception or OFSI licence permitting the payment, payment to the account of a designated person will be prohibited.

- 11) *Regulation 16 prohibits "dealing with" transferable securities and money-market instruments. What activities does this include?*

Dealing with transferable securities and money-market instruments includes purchasing or selling the security or instrument, providing investment services relating to the security or instrument or assisting in the issuance of the security or the instrument. In this context, investment services means the reception and transmission of orders in relation to one or more financial instruments, the execution of orders on behalf of clients, dealing on own account, portfolio management, the provision of investment advice, the underwriting of financial instruments or placing of financial instruments on a firm commitment basis, the placing of financial instruments without a firm commitment basis and any service in relation to the admission to trading on a regulated

market or trading on a multilateral trading facility.

- 12) *Do the restrictions cover transferable securities issued by persons connected with Russia traded on the secondary market? Under what conditions?*

It is prohibited by Regulation 16 to deal with a transferable security on secondary markets that was issued by a person connected with Russia after 1st March 2022.

Under the terms of Regulation 18B, it is prohibited to buy securities issued before this date if by doing so you acquire an ownership interest in persons connected with Russia for the purpose of making funds or economic resources available to or for the benefit of persons connected with Russia. However, purchasing a relevant transferable security (the definition of which includes a requirement that it was to a regulated market or multilateral trading facility prior the SI coming into force ) is permitted.

- 13) *How would OFSI determine the purpose of a transaction for the prohibitions in Regulation 16, 17 and 18B?*

OFSI may consider a person as having knowledge or reasonable cause to suspect that a transaction was for the purpose of making funds or economic resources available to a person connected with Russia where this is explicitly stated to be the purpose of the transaction. For example if the intention to make funds available to a person connected with Russia was stated as the purpose of a share issue in the prospectus for that share issue. If funds are raised for a purpose other than making funds or economic resources available to a person connected with Russia but despite that those funds are subsequently made available to a person connected with Russia, then the prohibition would not be breached.

- 14) *Can money-market instruments and transferable securities of persons not subject to the restrictions envisaged by Regulation 16 still be dealt with?*

If the person is not designated under the Regulations and it is not owned or controlled by a designated person (i.e. the person is not subject to the asset freeze and the prohibitions on making funds and economic resources available), its money-market instruments and transferable securities can be dealt with.

*15) Are UK firms still allowed to deal with transferable securities and money-market instruments which are not the subject of restrictions in the Regulations on Russian exchanges?*

UK firms are still allowed to deal with transferable securities and money-market instruments on Russian exchanges as long as such dealing with does not contravene any of the prohibitions in the Regulations. Dealing with transferable securities and money-market instruments issued before the relevant dates indicated in Regulation 16 is possible, provided that such dealing with does not contravene any of the other prohibitions in the Regulations, including 18B.

*16) Are UK persons still allowed to purchase shares in persons who are not connected with Russia from Russian persons who hold those shares?*

UK persons may purchase shares in persons who are not connected with Russia from Russian shareholders so long as the purpose for which those shares were issued is not for an activity that is prohibited under Regulation 18B (see Regulation 60ZZA); and the purchase does not otherwise breach the financial prohibitions imposed by the Russia Regulations.

*17) Does Regulation 16 cover existing securities or does it apply only to new securities (issued on or after 1 March 2022)?*

Regulation 16 of the Regulations sets out what transferable securities and money-market instruments are covered by the prohibition. This includes some transferable securities and money-market instruments issued before 1 March 2022. Please refer to

Regulation 16 and the explanations on page 2 to 3 of this guidance.

*18) Are American Depositary Receipts (ADRs) covered by the restrictions in Regulation 16?*

The term “transferable security” in Regulation 16 means a security, negotiable on the capital market, of any of the following kinds, but excluding instruments of payment:

- (i) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares
- (ii) bonds or other forms of securitised debt, including depositary receipts in respect of such securities
- (iii) any other securities giving the right to purchase or sell any security of a kind mentioned in paragraph (i) or (ii).

Regulation 16 sets out the circumstances in which it is prohibited to deal with such transferable securities.

*19) Do the restrictions in Regulation 16 also apply to transferable securities denominated in a virtual currency?*

Yes. The term “transferable security” in the context of Regulation 16 is defined in Regulation 16(10), which makes no reference to the currency in which a transferable security is denominated.

*20) Do the Regulations prevent UK persons operating in Russia from paying usual statutory taxes in Russia directly to the Russian Central Bank?*

Regulation 18A of the Regulations does not prevent a person from paying taxes lawfully due in Russia to the Russian Central Bank.

*21) Do the restrictions in Regulation 16 apply to the sale of units in collective investment undertakings whose portfolio includes, on or after 1 March 2022, newly issued transferable securities regardless of the percentage they represent of the fund's assets?*

Regulation 16 prohibits dealing, directly or indirectly, with any transferable security which meets the conditions set out therein. That Regulation makes no reference to any minimum percentages (for example, of a fund's assets) in order for the Regulation to apply.

22) *I own shares in a designated person. Can I sell those shares?*

Provided that the shares do not fall within the scope of Regulation 16, you can sell your shares on the secondary market without an OFSI licence as long as (a) you are not a designated person and (b) the sale will not result in funds or economic resources being made available to a designated person.

23) *Might payment terms for goods and services whose trade is not prohibited under the Regulations be considered as a relevant loan for the purpose of Regulation 17?*

No, payment terms or delayed payment for goods or services are not in general considered as a relevant loan for the purpose of Regulation 17. However, the provision of payment terms/delayed payment may not be used to circumvent the restrictions to provide a relevant loan under this Regulation. Payment terms which are not in line with normal business practice or which have been substantially extended may constitute circumvention (as defined in Regulation 19).

24) *What are the sanctions reporting obligations for firms falling outside of the definition of a 'relevant firm'?*

Firms that fall outside of the definition of "relevant firms" (found at Regulation 71) do not have a legal requirement under Regulation 70 to report to OFSI if they know or suspect someone is a designated person or has committed a financial sanctions breach.

Please note, however, that every year HM Treasury carries out a review to update our records to reflect any changes to frozen assets during the reporting period. As part of this review, HM Treasury requests all persons (not only "relevant firms") that hold or control

funds or economic resources owned, held, or controlled by a designated person, to provide a report to us with the details of these assets. If you possess this information you are required to complete such a report and submit it to OFSI. This review generally takes place in the autumn.

25) *What obligations do operators of payment systems have under the Regulations with regard to payment cards issued by sanctioned Russian financial institutions?*

UK persons, including UK operators of payment systems and UK acquirers, are prohibited from processing transactions involving sanctioned financial institutions unless there is a licence from OFSI that allows them to do so, or they can rely on an exception in the Regulations.

OFSI encourages UK persons, including UK operators of payment systems and UK acquirers, to exercise caution and due diligence in dealing with non-UK operators of payment systems that are known to host payment cards issued by sanctioned financial institutions and whose payment cards are accepted in the UK.

26) *Are insurers allowed to insure Russian ships and cargo carrying food and fertiliser from Russia and Ukraine to a third country?*

Insurers may apply for a licence from OFSI under the food security purpose within the Regulations. This allows anything to be done in connection with the production or distribution of food for the benefit of the civilian population of a country. Furthermore, applying under the food security purpose does not preclude applicants from also applying under other purposes in the Regulations (e.g. prior obligations) if applicable. Applicants must demonstrate how their activity satisfies that particular purpose, for example how their activity is in connection to the production/distribution of food.

27) *Are financial institutions allowed to provide financial services, such as payment channels, for food and fertiliser exports from Russia and Ukraine to a third country?*



Yes, as long as the required licence is in place. Financial institutions may apply for a licence under the food security purpose to provide these services. However, there may already be an OFSI licence in place permitting the food/fertiliser exports, which will usually contain a permission to allow banks and other financial institutions to effect the activities of the licence. Therefore separate licences for financial institutions are usually unnecessary.

28) *Is the production and distribution of fertiliser covered by the licensing purpose for food security?*

A: Yes, OFSI considers that the production and distribution of fertiliser is within the scope of the food security licensing purpose.

*FAQ 29-49 are from the previous version of the Russia guidance Q&A and have been modified to reflect the changes to the Regulations. Some of the entities listed in schedule 2 are subject to a full asset freeze – these questions do not apply to any entities subject to an asset freeze<sup>1</sup>.*

29) *If before IP completion day (11:00pm, 31 December 2020) or 1 March 2022 respectively, a UK person extended a loan or credit to a person subject to the restrictions in Regulation 17, can that UK person then sell a part of or the whole claim with a maturity exceeding 30 days to another person subject to the restrictions in Regulation 17?*

In so far as the arrangement would not involve new loans or credit to either person subject to the restrictions in Regulation 17, or any other restricted activity, such a resale would be allowed. A change of lenders, even if they are a person subject to the restrictions in Regulation 17, would not generally be prohibited by the Regulations, to the extent this does not constitute advancing new funds contrary to Regulation 17.

30) *If a UK person extended a loan or credit with a maturity exceeding 30 days before or on IP completion day or 1 March 2022 respectively, could the UK person enter into an M&A transaction whereby a person subject to Regulation 17 assumes the role of the borrower of the debt arising from such loan after IP completion day or 1 March 2022?*

It would be prohibited for a UK person to enter into any M&A transaction, whereby a person subject to the prohibitions in Regulation 17 would assume the role of borrower of an existing loan or credit with a maturity exceeding 30 days. The example above would effectively constitute making a new loan or credit available to a targeted entity after IP completion day or 1 March 2022 respectively and would therefore be prohibited.

31) *A loan or credit with a maturity exceeding 30 days before or on IP completion day or 1*

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<sup>1</sup> The original versions of these FAQs reproduce relevant guidance from the 'European Commission guidance note on the implementation of certain provision of regulation (EU) no 833/2014

*March 2022 respectively had been extended by a UK person to a person subject to Regulation 17. Can the UK person cancel or forgive debt arising from such a loan after IP completion day or 1 March 2022 respectively?*

The Regulations prohibit persons subject to the prohibitions in Regulation 17 from being extended credit or a new loan, as their purpose is to restrict access to capital, even in circumstances where the sums extended need to be reimbursed. Cancellation of the debt would provide access to capital in the same way as a loan but without a duty to reimburse or pay interest. It would therefore be prohibited.

*32) Can UK persons place term deposits with a maturity exceeding 30 days in a bank which is subject to the restrictions in Regulation 17 after IP completion day or 1 March 2022 respectively?*

While the prohibitions set out in the Regulations do not specifically target deposit services, where term deposits are used to circumvent the prohibition on new loans or credit, such deposits would be prohibited under Regulation 19.

*33) With regards to relevant loans as defined in Regulation 17, can UK persons provide payment or settlement services including in the context of correspondent banking?*

For the purposes of Regulation 17, payment and settlement services, including through correspondent banking, would be construed as directly or indirectly 'making' or 'being part of an arrangement to make' a relevant loan or credit to a person subject to the prohibitions in Regulation 17.

Any loans or credit made after IP completion day which are the subject of such payment or settlement services must comply with the 30-day maturity limit, or related exceptions, in order to avoid being caught by the restrictive measures.

*34) If a UK person has provided a good or service to a person subject to the prohibitions in Regulation 17, would payment terms/delayed*

*payment for such a good or service exceeding 30 days constitute a new loan or credit?*

For the purposes of Regulation 17, payment terms/delayed payment for goods or services are not considered loans or credit. The provision of payment terms/delayed payment may not be used, however, to circumvent the prohibition to provide new loans or credit.

*35) How should the rollover of debt obligations by persons subject to the prohibitions in Regulation 17 be treated?*

The prohibitions in Regulation 17 extend to the rollover (including cashless) of existing debt. Any rollovers must comply with the 30-day maturity limit imposed for new transactions made after IP completion day, or after 1 March 2022 depending on what entity is involved. However, multiple rollover agreements with a maturity of 30 days or less could amount to circumvention.

*36) Can a UK person provide funds to a non-designated person, which are channelled through a person who is subject to the prohibitions in Regulation 17, provided that the funds do not stay with the latter person for more than 30 days?*

Such an arrangement would not constitute providing a new loan or credit with a maturity exceeding 30 days to a person subject to the prohibitions in Regulation 17. It would therefore not fall within the prohibitions set out therein.

*37) Do the Regulations limit the ability of UK subsidiaries of targeted entities to monitor risks, including the evaluation of credit risk, for operations across the group?*

While receiving information and undertaking risk management and monitoring is unaffected by the Regulations, such risk management would not be permitted if it amounted to circumvention of any of the financial sanctions.

*38) Are derivatives covered by the prohibitions in Regulation 16?*

Derivative products which give the right to acquire or sell a transferable security or money market instrument covered by Regulation 16, such as options, futures, forwards or warrants, irrespective of how they are traded (on-exchange or over-the-counter (OTC)) are covered by the prohibitions set out in Regulation 16. Certain other derivatives which do not give the right to acquire or sell a transferable security or money market instrument covered by Regulation 16, such as interest rate swaps and cross currency swaps, are not covered by the prohibitions in that Regulation, nor credit default swaps (except where these give the right to acquire or sell a transferable security). Derivatives used for hedging purposes in the energy market are also not covered by Regulation 16.

39) *Can a modification be made to a transferable security entered into prior to 1 August 2014, 12 September 2014 or 1 March 2022 respectively?*

It is prohibited under Regulation 16 to adjust a transferable security which falls within the scope of that Regulation, entered into prior to 1 August 2014, 12 September 2014, or 1 March 2022 respectively where the change would result or potentially result in additional capital being made available to a targeted entity. While certain other changes may be permitted, a case by case assessment would be made of the effect and substance of any changes in order to determine whether or not such changes reasonably requires this to be considered a new instrument.

40) *Do promissory notes fall within the scope of prohibitions relating to transferable securities or money-market instruments in Regulation 16?*

As a freely transferable debt instrument, promissory notes may be dealt in on the money markets and thus, to the extent that they are issued by a person subject to the restrictions in Regulation 16, they would fall into the scope of the prohibitions in that Regulation.

If a person subject to the prohibitions in Regulation 16 were to issue a non-negotiable

promissory note as a means of payment for non-prohibited goods with UK persons, that would not be prohibited by Regulation 16 (albeit this could not be used as a means to circumvent the prohibition). This allows legitimate trade to continue while remaining consistent with the objectives of the Regulations.

41) *Do bills of lading fall within the scope of prohibitions relating to transferable securities or money-market instruments in Regulation 16?*

In so far as bills of lading document the carriage and receipt of goods and serve as proof of entitlement to such goods, they do not fall under the prohibitions in Regulation 16.

In any negotiable form where bills can be traded for financing purposes, or any similar activity which could amount to circumvention, these instances would be prohibited by Regulation 16 (or Regulation 19 in the case of circumvention).

42) *Can UK persons use repurchase agreements or securities lending agreements with a person not subject to the prohibitions in Regulation 16 using any transferable securities or money market instruments issued by a person subject to the prohibitions in Regulation 16 as collateral?*

UK persons are prohibited from entering into repurchase agreements or securities lending agreements where transferable securities or money market-instruments which fall within the scope of Regulation 16 are used as collateral.

43) *Can UK persons enter into repurchase agreements or securities lending agreements with a person subject to the prohibitions in Regulation 16, if non-prohibited instruments are used as collateral?*

Repurchase agreements or securities lending agreements are money market instruments as defined in Regulation 16 of the Regulations, as they are instruments normally dealt in on the money market. UK persons are therefore

prohibited from entering into repurchase agreements or securities lending agreements with persons subject to the prohibitions in Regulation 16 where those agreements meet the conditions set out in that Regulation.

44) *Is the provision of financial research in relation to prohibited transferable securities allowed?*

Regulation 16 sets out the prohibition on dealing with certain transferable securities or money-market instruments as set out therein. Regulation 16(9) states that "dealing with" includes providing investment services, including the provision of investment advice, relating to the security or instrument, or assisting in the issuance of the security or instrument. While the provision of research may not equate to the provision of advice, to the extent that it does constitute direct or indirect advice, it would fall under the definition of "investment service" and would thus be prohibited.

45) *What constitutes a letter of credit?*

A letter of credit is an undertaking by a bank to pay the beneficiary of the credit (or to accept and pay drafts drawn by the beneficiary) in accordance with, and upon satisfaction of the terms and conditions, of the letter of credit. It is no more than an undertaking from the bank (at the request of its customer) to extend a credit, or make a payment, provided that the conditions set out within the letter of credit itself are satisfied and the bank is provided with proof of this (usually by the provision of documents).

By way of example, a simple letter of credit in respect of a transaction to purchase goods, may provide that a bank "B" will undertake to pay a sum of money (equal to the purchase price of the goods) to a third party provider, "P", once a document is provided to B showing that the bank's customer, "C" has received the goods.

46) *Can UK persons confirm or advise a letter of credit that was issued after 31 December 2020 by a person subject to the prohibitions in Regulation 17 for the export or import of goods or services between non-UK countries?*

*Is discounting or post financing of such letters of credit allowed?*

UK persons can confirm or advise letters of credit, and provide discounting or post financing for them, unless the maturity exceeds 30 days and applicant of the letter of credit is a person subject to the prohibitions in Regulation 17. This would be prohibited as it constitutes extending a relevant loan.

47) *Can a UK credit institution owned by a person subject to the prohibitions in Regulation 17 provide collateral (e.g. in the form of guarantees, deposits, pledges, risk participations or funded participations) for intra-group risk mitigation purposes to its non-UK subsidiary?*

Yes, provided the collateral provided does not constitute a relevant loan under Regulation 17 and the collateral used is not a transferable security or money market-instrument covered by Regulation 16.

48) *Where the underlying of cash-settled derivatives consists of securities falling under Regulation 16, are transactions with such derivatives permitted under that Regulation so long as this does not involve the actual purchasing, selling, or holding of the underlying securities?*

The prohibitions in Regulation 16 extend to direct or indirect dealings in all "transferable securities" with a maturity exceeding 30 days, issued by the persons listed in Regulation 16 after a certain date. Under Regulation 16(10), "transferable securities" includes any securities "giving the right to purchase or sell any" transferable security". In such cases, the prohibition on dealing with transferable securities in Regulation 16 applies regardless of whether or not that right is actually exercised.

49) *If a person subject to the prohibitions in Regulation 16 issues new transferable securities after the relevant dates set out in Regulation 16 that are fungible with pre-existing transferable securities, can UK persons still deal with the old securities in the*

*event that it is impossible to identify which of the securities were issued before or after the relevant cut-off dates?*

UK persons may deal with transferable securities issued by the persons subject to Regulation 16 before the relevant cut-off dates set out in that Regulation. Market participants bear the onus of ensuring that any trades they enter into do not involve the prohibited securities.

*50) Can a person provide professional and business services when operating or managing a trust?*

The provision of professional and business services to persons connected with Russia is prohibited under Regulation 54C, unless permitted by a professional and business services licence (issued by the Export Control Joint Unit (ECJU) in the Department for Business and Trade (DBT)) or there is an applicable exception.

All sanctions on professional and business services continue to apply even when trust services are permitted, unless the professional or business service is permitted by a licence in respect of that professional or business service or there is an applicable exception from the professional or business services sanction.

If both professional business services and trust services sanctions apply to activities in relation to a trust, then separate licences for each activity will be required from DBT (for professional and business services sanctions) and OFSI (for trust services sanctions).

*51) What happens when an asset freeze is in place – how do the trust services sanctions interact?*

The assets of designated persons caught under Regulation 11 must remain frozen. The trust services sanctions includes an exception to permit the provision of trust services for the purpose of complying with the asset freeze (exception 60ZZB(1)(b)). This could include where an activity needs to be undertaken regarding frozen assets, and a designated person or the trustee obtains a licence or

utilises an exception applicable to the asset freeze. Assets should remain frozen unless there is an applicable exception or OFSI has issued a relevant licence.

*52) How does OFSI understand “activity” in the reporting requirements under the General Licence INT/2023/2589788?*

Any person using General Licence INT/2023/2589788 must report to OFSI within 30 calendar days of undertaking an activity under the General Licence.

Reporting should cover the period of time from when the trust services provider starts to wind down the provision of the trust service until that wind down concludes. It should include steps such as notifications to regulators and amendments, novation or cancellations of contracts. This however is not an exhaustive list.

*53) Who is considered a “prohibited person” under regulation 18A(1)*

A prohibited person means the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, the Ministry of Finance of the Russian Federation, a person owned or controlled directly or indirectly by these entities, or a person acting on behalf of or at the direction of these entities.

*54) What assets must be reported under regulation 70A?*

Designated persons must report any funds or economic resource if the value of those funds or economic resources exceeds the value of £10,000. If multiple funds or economic resources of the same type (for example, jewellery, art, bank accounts), taken together exceed £10,000, this must also be reported.

*55) What is the process for reviews and appeals for civil monetary penalties imposed for a breach of regulation 70A?*

The procedure for the right to review, right to appeal and the process for paying a monetary penalty is set out in Regulation 88D of The Russia (Sanctions) (EU Exit) Regulations 2019.

Further information on the right of appeal can be found in Chapter 7 of OFSI's enforcement and monetary penalty guidance

Further information on paying a monetary penalty can be found in Chapter 8 of OFSI's enforcement guidance

Further information on the process of review can be found in sections 6.2 to 6.14 of OFSI's enforcement and monetary penalty guidance

Both representations and requests for review must be made in writing (unless oral representations have been agreed) to:

Email: [OFSI@HMTreasury.gov.uk](mailto:OFSI@HMTreasury.gov.uk)

Hard Copies:  
Office of Financial Sanctions Implementation  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

*56) When are persons required to report to OFSI under regulation 70A (5)?*

Regulation 70A(5) requires you to report changes in your financial circumstances to OFSI as soon as practicable.

You must report to OFSI when the value of your funds or economic resources, when taken together, has changed by an amount exceeding £10,000 compared with the previous report you filed with OFSI.

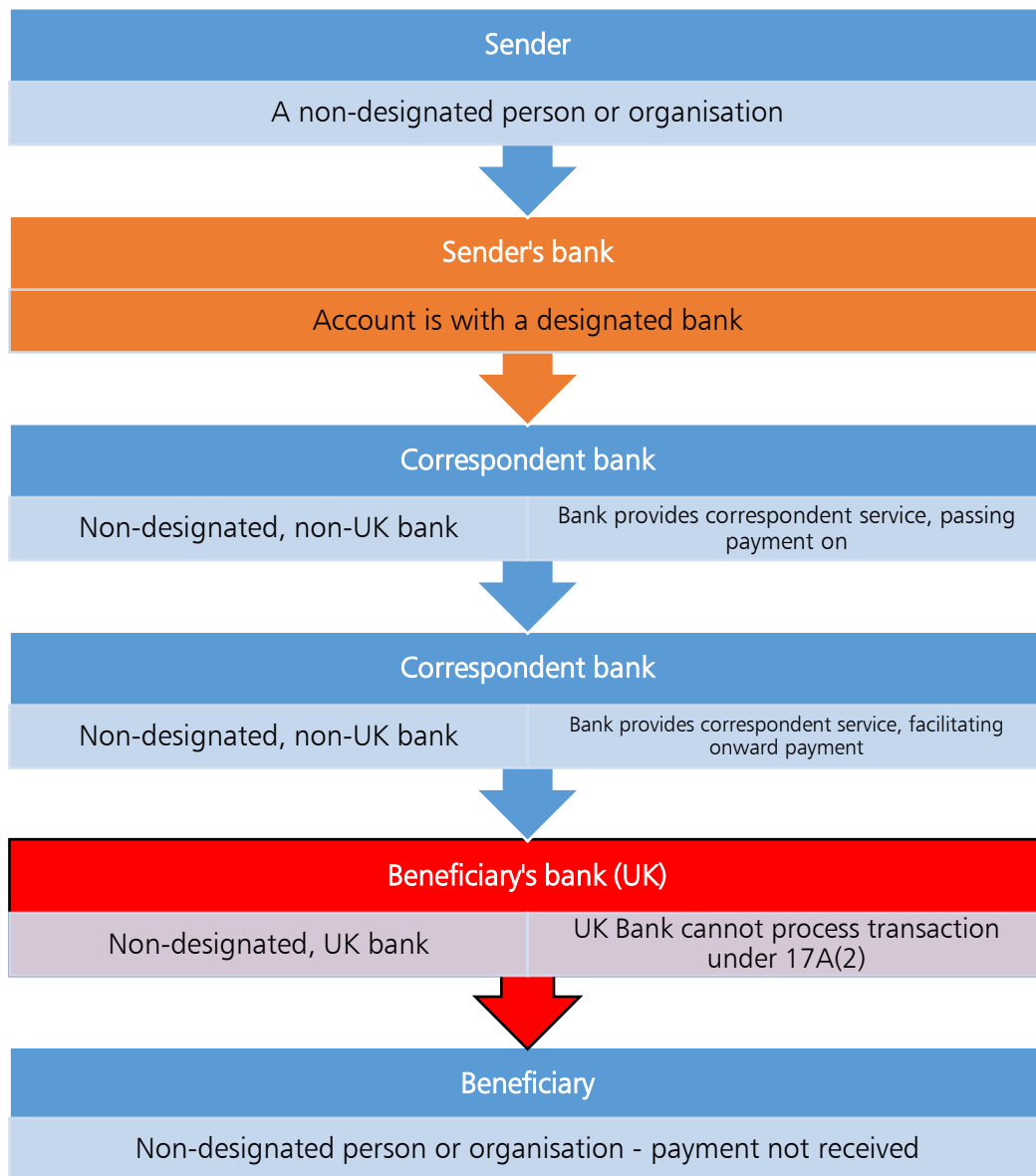
You must also report to OFSI if there has been a change to the nature or location of funds or economic resources where those funds or economic resources exceeds the value of £10,000 – this also applies where multiple funds or economic resources of the same type taken together exceed £10,000.

This obligation applies regardless of whether you have existing reporting obligations under an OFSI licence.

## Annex A – Example Scenarios of Correspondent Banking Transactions

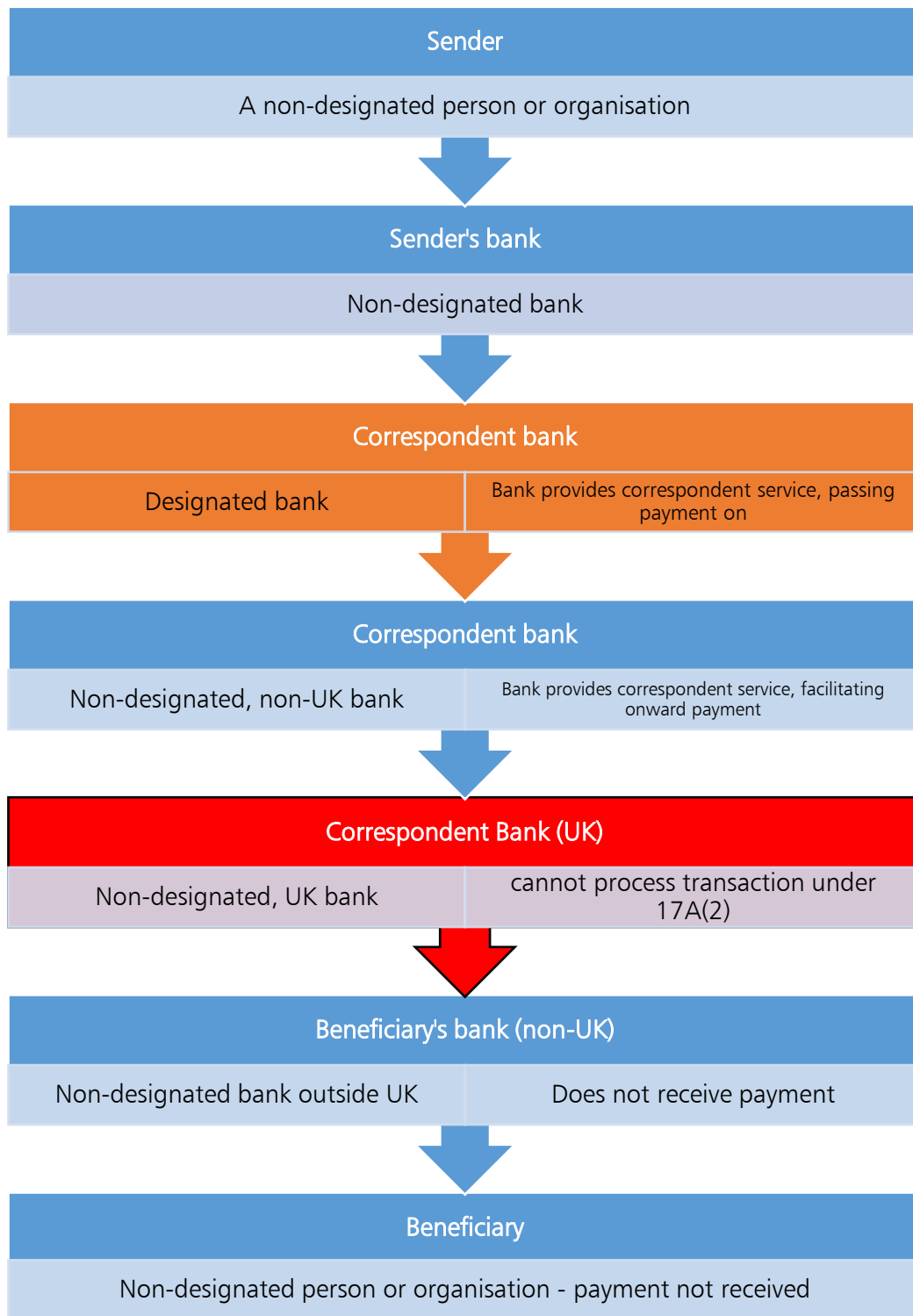
### Annex of OFSI Russia Guidance FAQ 5

Example Scenario 1 – The sender’s bank (AKA remitting bank) is designated under 17A(2), therefore the processing of this payment is prohibited.



You will note in this scenario the sending and the beneficiary account holders are not designated persons. However, when the funds reach the beneficiary’s bank in the UK they cannot be processed further either onwards towards the beneficiary or back towards the sender, even where the beneficiary and the sender are non-designated.

Example Scenario 2 – A payment ‘passing through’ the UK, which involves a correspondent bank designated under 17A(2). The processing of this payment would also be prohibited.



Similarly, in this scenario neither the sender nor the beneficiary account holders are designated. In this case, the sender's bank is also non-designated. However, the sender's bank has routed the funds via a correspondent bank that is designated by the UK. Once the funds are with the UK bank that is acting as correspondent they cannot be processed further or returned to the designated bank or to any other person via the designated bank so will not reach the beneficiary's bank.