



General Licence – Publication Notice

General licence - INT/2024/4671884

OFSI has the power to issue General Licences for country sanctions regimes under regulations made under the Sanctions and Anti-Money Laundering Act 2018 (“the Sanctions Act”).

OFSI has issued a new Legal Services General Licence INT/2024/4671884 under Regulation 64 of the Russia (Sanctions) (EU Exit) Regulations 2019 (“the Russia Regulations”) and Regulation 32 of the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019 (“the Belarus Regulations”) which will take effect following the expiry of Legal Services General Licence INT/2023/3744968 on 28 April 2024. This permits a UK legal firm or UK counsel who has provided legal advice to a person designated under either the Russia or Belarus regime to receive payment from that designated person without an OFSI specific licence, provided that the terms of the General Licence INT/2024/4671884 are met.

Any persons intending to use General Licence INT/2024/4671884 should consult the copy of the Licence for full details of the definitions, permissions, and usage requirements as these do **not** mirror those of General Licences INT/2022/2252300 or INT/2023/2954852 or INT/2023/3744968. The main changes are:

- The professional legal fees and expenses caps have been reset. Users will be able to make use of the legal fees caps (£500,000 inc. VAT) and the expenses caps (10% of the legal fees up to £50,000 inc. VAT) under Parts A and B of the General Licence.
- The professional legal fees and expenses caps now apply to each Law Firm instructed by the Designated Person to cover all matters on which that law firm is instructed by that DP. This is a change from previous Legal Services General Licences where the fee and expenses caps applied to each DP (i.e., for all the DP’s legal work across all firms they instructed).
- Part B of the General Licence now permits brief fees and refresher fees to be paid to Counsel in the event these are fixed fees and not subject to hourly rates. These fees may now be included in the overall cap of £500,000 for professional legal fees including Counsel’s fees. This is a change from previous Legal Services General Licences where in Part B Counsel fees were subject to a maximum hourly rate of £1,500.
- The definition of Counsel now includes a barrister who is regulated by the Bar Council of Northern Ireland and an advocate who is regulated by the Faculty of Advocates (in Scotland). This is a change from previous Legal Services General

Licences where the definition of Counsel was defined as a barrister who is regulated by the Bar Standards Board.

Please also see Annex 1 for Frequently Asked Questions regarding the Legal Services General Licence.

General

The permissions in General Licence INT/2024/4671884 do not authorise any act which the person carrying out the act knows, or has reasonable grounds for suspecting, will result in funds or economic resources being dealt with or made available in breach of the Russia Regulations, the Belarus Regulations, or any other regulations made under the Sanctions and Anti-Money Laundering Act 2018 save as specifically permitted under this or other licences granted by HM Treasury.

General Licence INT/2024/4671884 takes effect from 00:01 on 29 April 2024 and expires at 23:59 on 28 October 2024 and may be varied, revoked, or suspended by HM Treasury at any time.

Reporting requirement

Any payments received under General Licence INT/2024/4671884 must be reported to HM Treasury within 14 days of the payment being received, with the details and supporting evidence requested in Part A or Part B. The reporting forms of General Licence INT/2024/4671884 may be downloaded from the OFSI website at <https://www.gov.uk/government/publications/legal-services-general-licence>.

Record-keeping requirements

A DP or Person must keep accurate, complete and readable records, on paper or electronically, of any activity purporting to have been permitted under this licence for a minimum of 6 years.

Office of Financial Sanctions Implementation

HM Treasury

Annex 1: Legal Services General Licence FAQs

Changes made to INT/2024/4671884

1. Q: What has changed?

A: General Licence INT/2024/4671884 resets the fees and expenses caps for Parts A and B for the six-month period from 29 April 2024 until the licence expires on 28 October 2024). In addition, OFSI has made three amendments to the GL. These are:

- The fee and expenses caps now apply to each law firm instructed by the designated person to cover all matters on which that law firm is instructed by that DP;
- Part B now permits brief fees and refresher fees to be paid to Counsel in the event these are fixed fees and not subject to hourly rates; and
- The definition of Counsel now includes a barrister who is regulated by the Bar Council of Northern Ireland and an advocate who is regulated by the Faculty of Advocates (in Scotland).

2. Q: How do the fees and expenses caps apply? Is it per DP (i.e., for all a DP's matters across all law firms) or is it per law firm being instructed by a DP?

A: OFSI has amended the General Licence so the £500,000 caps for Parts A and B, and the related expenses caps, now apply to each law firm instructed by the designated person. The caps cover all the designated person's matters being handled by that law firm (i.e., the caps do not apply to each individual matter at that law firm). This change is effective from 29 April 2024.

3. Q: Are brief fees and refresher fees covered by the GL?

A: Under all Legal Services General Licences issued to date, brief fees and refresher fees can be paid for under Part A (Legal Services based on a Prior Obligation) as this part does not stipulate hourly rates to be charged by Counsel. This is provided that the legal fees (together with Counsel's fees) do not exceed £500,000 (including VAT if applicable).

OFSI has amended Part B (Legal Services not based on a Prior Obligation) to permit brief fees and refresher fees in addition to Counsel's fees, which remain subject to an hourly rate which must not exceed £1,500. Brief fees and refresher fees are included in the overall cap of £500,000 for professional legal fees including Counsel's fees. The brief fees and refresher fees should be identified as a separate item on the Part B reporting form. This change is effective from 29 April 2024.

4. Q: Are UK Counsel/barristers/advocates outside of England and Wales covered by the UK?

A: Yes. OFSI has amended the definition of Counsel in General Licence INT/2024/4671884 to include a barrister who is regulated by the Bar Council of Northern Ireland and an advocate who is regulated by the Faculty of Advocates (in Scotland) in addition to a barrister who is regulated by the Bar Standards Board. This change is effective from 29 April 2024.

Scope of Legal Services General Licence

5. Q: Which sanctions regimes are covered by the Legal Services General Licence?

A: The Russia (Sanctions) (EU Exit) Regulations 2019 and The Republic of Belarus (Sanctions) (EU Exit) Regulations 2019.

6. Q: Why aren't other sanctions regimes covered by this General Licence?

A: The General Licence has been designed bearing in mind the purpose of the Russia and Belarus regimes and the volume of applications made since the invasion of Ukraine. Specific licence applications for other regimes should continue to be made to OFSI.

7. Q: Does this General Licence only apply to UK law firms and Counsel?

A: Yes.

8. Q: What counts as prior obligation work?

A: Fees which are payable as a result of work which has or is being undertaken pursuant to a prior obligation (for example, further to an obligation which was entered into by a designated person prior to that person's designation).).

9. Q: Can an entity owned and/or controlled by a designated person (DP) pay the DP's legal fees even though the entity did not explicitly receive the legal advice?

A: Yes, provided the conditions of the General Licence are met. This is because it states at paragraph 5 that "a DP may pay professional legal fees, Counsel's fees, and/or Expenses to a Law Firm, a Legal Adviser, Counsel or a provider of Expenses for Legal Services which have been provided to that DP" and DP is defined in the General Licence as "any individual or body of persons (corporate or unincorporate) designated [...] and/or any individual or body of persons (corporate or unincorporate) owned or controlled by that designated person."

10. Q: Can a non-DP pay a DP's legal fees?

A: Yes, provided the conditions of the General Licence are met. This is because it states at paragraph 4 that "any Person [...] may: 4.1. receive payments from or on behalf of a DP; 4.2. make payments (directly or indirectly) for or on behalf of a DP; 4.3. make payments for the benefit of a DP; 4.4. process payments which relate to a DP; and 4.5. carry out any other act which is reasonably necessary to give effect to 4.1 – 4.4 above".

11. Q: Can a DP pay a different DP's legal fees?

A: No. Whilst paragraph 4 states that "any Person [...] may: 4.1. receive payments from or on behalf of a DP; 4.2. make payments (directly or indirectly) for or on behalf of a DP; 4.3. make payments for the benefit of a DP; 4.4. process payments which relate to a DP; and 4.5. carry out any other act which is reasonably necessary to give effect to 4.1 – 4.4 above", the definition of Person in the General Licence does not include a DP.

12. Q: Can the GL be used to pay the professional legal fees, Counsel's fees or expenses incurred by family members of DPs?

A: Not unless the family members are also designated persons. There is no need for the payment of legal or Counsel's fees or expenses incurred by non-designated persons to be licensed by OFSI.

Law firms should consider the risk of circumvention of sanctions and ownership and control issues when advising family members of DPs.

13. Q: Does the GL extend to in-house Counsel who are UK nationals as part of their employment, especially if based outside of the UK.?

A: Yes, if they have a bank account in the UK to receive payments under the terms of the General Licence.

Fees, Expenses and Hourly Caps

14. Q: Is £500,000 the maximum that can be paid under this General Licence?

A: The £500,000 cap applies to each part of the General Licence separately and is available to each law firm instructed by a DP to cover all matters on which that law firm is instructed by that DP. In some instances, both parts of the General Licence can be used – Part A (legal services based on a prior obligation) and Part B (legal services not based on a prior obligation) – by the same law firm, up to a total of £1million.

15. Q: Which fees are covered by the cap of £500,000 per part of the General Licence?

A: All fees relating to legal services provided to a DP by qualified legal professionals, trainee legal professionals and Counsel.

16. Q: Which fees are not included in the £500,000 cap per part of the General Licence?

A: Expenses are not included in the £500,000 cap. Expenses include costs of travel, accommodation, translators, and expert witnesses. The General Licence can be used to pay expenses up to either 10% of the total professional legal fees and Counsel's fees paid or £50,000, whichever is lower, under each part of the GL per law firm instructed.

17. Q: What is the time-period over which the £500,000 cap per part of the General Licence applies?

A: The cap applies for the duration of the General Licence.

18. Q: What should I do if fees for a case go over the £500,000 cap per part of the General Licence?

A: In order to pay additional fees above the £500,000 cap per part of the General Licence, an application must be made to OFSI for a specific licence. For example, if a post-designation case accrues £700,000 in fees, then £500,000 may be paid under the General Licence, and an application for a separate specific licence to pay the remaining £200,000 should be made.

Applications must be made using the existing specific licence process and clearly flagging the fees already paid under the General Licence. Case officers will scrutinise the payment of additional fees, considering the overall fees claimed, to see if these meet the reasonableness test.

19. Q: If fees have already been recovered via a specific licence for a particular case, then can a General Licence still be used? Would these fees count towards the £500,000 cap per part of the General Licence?

A: Where a specific licence has been exhausted, the General Licence may be used instead of approaching OFSI for a licence amendment so long as the conditions of the General Licence are met.

20. Q: Do the hourly rate caps apply to pre-designation work (i.e., Part A of the General Licence)?

A: No.

21. Q: Can the General Licence be used if most hourly rates are below the caps, but some are not?

A: No. If any hourly rate breaches the hourly rates caps in the General Licence, then a specific licence application should be made.

22. Q: Are the hourly rate caps set out in the table at the end of the General Licence in reference to solicitors' guideline hourly rates for summary assessment by courts? If so, London 1 is defined as being for "[v]ery heavy commercial and corporate work ...". It would be helpful to understand how this will be determined by OFSI.

A: The hourly rate caps included in the General Licence reference the solicitors' guideline hourly rates for summary assessment by courts. OFSI has mirrored the HM Courts & Tribunal Service definitions.

23. Q: What counts as expenses under this General Licence?

A: All expenses associated with the provision of legal services to a DP excluding Counsel's fees, such as the costs of travel, accommodation, translators, and expert witnesses.

24. Q: What is the cap for expenses?

A: Up to either 10% of the total professional legal fees and Counsel's fees paid or £50,000, whichever is lower, under each part of the GL per law firm instructed. For example, if £300,000 was claimed for legal and Counsel's fees, then up to £30,000 can be claimed for other expenses.

25. Q: What should I do if the case has an expensive expert witness and the 10% or £50,000 cap for expenses is exceeded?

A: The General Licence may be used to make a payment for expenses of up to £50,000. In order to pay additional expenses above the £50,000 cap per part of the General Licence, an application must be made to OFSI for a specific licence. For example, if a post-designation case accrues £120,000 in expenses, then £50,000 may be paid under the General Licence, and an application for a separate specific licence to pay the remaining £70,000 should be made.

Applications must be made using the existing specific licence process and clearly flagging the expenses already paid under the General Licence. OFSI will scrutinise the payment of additional expenses, considering the overall expenses claimed, to see if these meet the reasonableness test.

Reporting requirement

26. Q: Do I have to notify OFSI before I use the General Licence?

A: No. There is no obligation to notify OFSI before using this General Licence.

27. Q: What are my reporting obligations?

A: The Part A (pre-designation) reporting form and/or the Part B (post-designation) reporting form need to be returned to ofsi@hmtreasury.gov.uk OFSI mailbox within 14 days of receiving payment.

28. Q: Where can I find more details on my reporting requirements?

A: Reporting forms for INT/2024/4671884 can be found at <https://www.gov.uk/government/publications/legal-services-general-licence>.

29. Q: When do I need to submit reporting?

A: Since GL INT/2023/3744968, the timeline for sending reports has been within 14 days of receiving payment under the relevant General Licence.

30. Q: Do I need to provide reporting each time I receive payments under the GL?

A: Yes, unless more than one payment is received within the same 14-day period, a separate reporting form should be submitted for each payment received under each cap.

31. Q: When should Counsel report to OFSI?

A: Counsel should only report to OFSI when they receive funds directly from a DP or someone on behalf of a DP which does not include a law firm.

Where law firms have already reported the payment from the DP or someone on behalf of a DP there is no need for Counsel to report to OFSI as well.

32. Q: What currency should I report payments received under the GL in?

A: Where possible, the British pound sterling equivalent on date of receipt.

Interaction of the Legal Services GL with specific licences

33. Q: Can the Legal Services GL be used to provide further related legal advice to a DP following an issuance of a specific licence for that DP, so long as that advice remains in the parameters of the General Licence?

A: Yes, so long as payments are made in respect of different invoices to those authorised by the specific licence and the other conditions of the General Licence are met.

34. Q: Can a law firm which has received an OFSI licence for legal services payments use the GL to recoup payments for additional legal services provided to a DP?

A: In these circumstances, the law firm may use the GL to receive payment for legal services that have been provided, additional to those permitted under a specific licence, to the same DP, provided:

- The payment for the work has not already been licensed in an OFSI specific licence; and
- The conditions of the GL are met.

35. Q: Can the GL can be used for part payment of initial fees (to get started), but then if the caps are exceeded, an application made for a specific licence to cover the remainder?

A: Yes, the GL can be used this way. In the event that the caps are exceeded a specific licence must be sought.'

Payment Route

36. Q: Why do payments made under the GL need to be paid into a UK bank account?

A: This is a risk mitigation that OFSI considered necessary to pursue the policy intention of the two sanctions regimes and limit the risk of circumvention.

37. Q: I'd like to use the GL to receive payment for legal services that have been provided to a DP, but the DP's bank will not unfreeze the funds under the GL. Can OFSI advise?

A: OFSI cannot compel banks or financial institutions to unfreeze funds. OFSI recommends explaining to the bank how the transaction meets the GL's conditions.