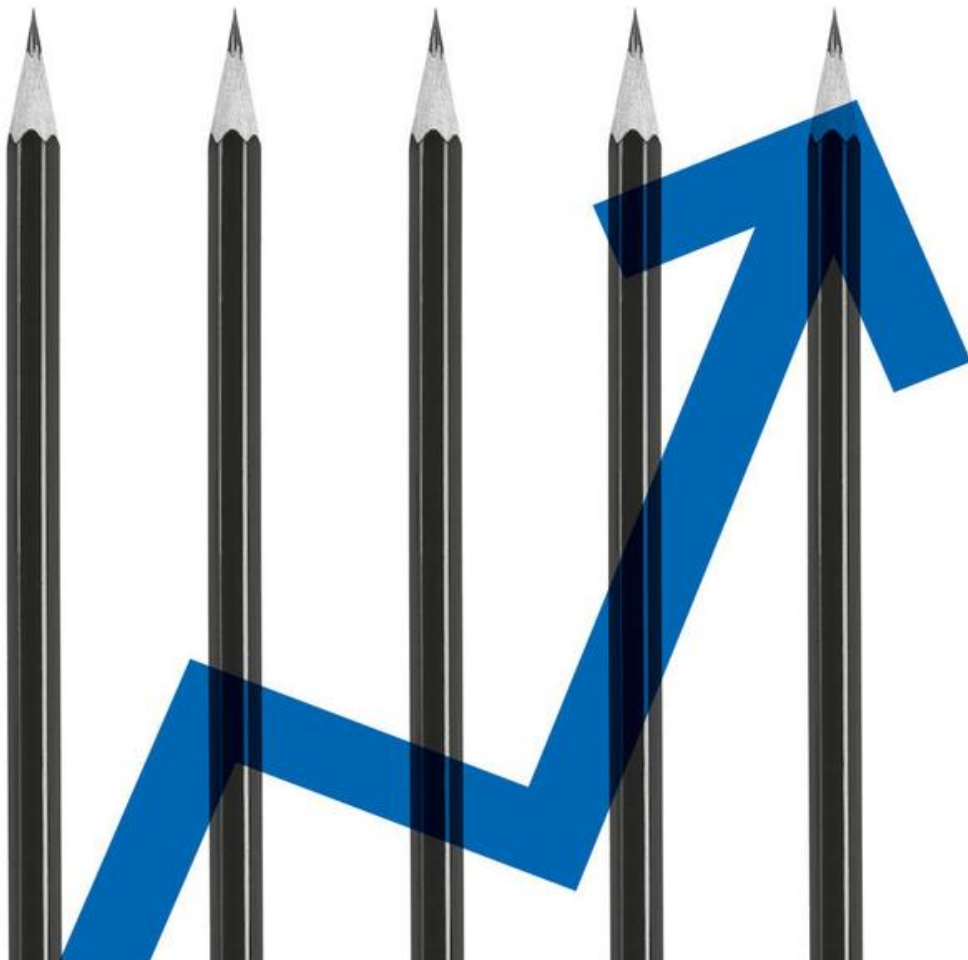


**Keeping you up to speed**

Russian and Belarus sanctions update

21 December 2022



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# Introduction

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

This briefing summarises the key developments and supplements our previous briefings on:

- [23 February 2022](#)
- [24 February 2022](#)
- [28 February 2022](#)
- [3 March 2022](#)
- [9 March 2022](#)
- [10 March 2022](#)
- [17 March 2022](#)
- [28 March 2022](#)
- [6 April 2022](#)
- [12 April 2022](#)
- [25 April 2022](#)
- [19 May 2022](#)
- [8 June 2022](#)
- [1 July 2022](#)
- [25 July 2022](#)
- [16 August 2022](#)
- [23 September 2022](#)
- [11 October 2022](#)
- [8 November 2022](#)
- [5 December 2022](#)



## United Kingdom

### **Asset freezes**

On 9 and 13 December 2022, the UK announced the designation of 16 individuals, including senior Russian commanders, and 1 Russian entity, namely OJE Parvaz Mado Nafar Company which is allegedly involved in making military components and engines for unmanned aerial vehicles available for use by the Russian military.

All funds and economic resources belonging to, owned, held or controlled by such 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 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, a designated person

### **New legislation**

On 15 December 2022 the UK adopted the Russia (Sanctions) (EU Exit) (Amendment) (No.17) Regulations 2022, which makes the following amendments to the UK sanctions against Russia (with effect from 16 December 2022):

- Amendments to regulation 16 which prohibit UK persons from dealing with transferable securities and money market instruments issued on or after 16 December 2022 by a person (other than an individual) who is not a person connected with Russia, if the issuance was in connection with an investment in relation to Russia as defined in regulation 18B(2)<sup>1</sup>;

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<sup>1</sup> (a) directly acquiring any ownership interest in land located in Russia; (b) indirectly acquiring any ownership interest in land located in Russia for the purpose of making funds or economic resources available to or for the benefit of a person connected with Russia; (c) directly acquiring any ownership interest in or control over a person, other than an individual, connected with Russia; (d) indirectly acquiring any ownership interest in or control over a



- Amendments to regulation 17 which prohibit UK persons from making funds or economic resources available to relevant entities (i.e. a person, other than an individual, which is not a person connected with Russia) where the purpose of such is to enable that entity to grant a relevant loan on or after 16 December 2022. The amendments also add a new category 6 loan;
- The introduction of regulation 18C which prohibits UK persons from providing trust services to or for the benefit of a person connected with Russia (unless an arrangement was already in place for such services to be provided) with corresponding exceptions added to new regulation 60ZZB;
- Amendments to regulations 54B and 54C to extend the service restrictions to now also include advertising services, architectural services, auditing services, engineering services and IT consultancy and design services, with corresponding exceptions added to amended regulation 60DA and definitions to schedule 3J; and
- Minor amendments to existing provisions re: oil and oil products, gold, coal and coal products and LNG (with the LNG provisions taking effect on 1 January 2023)

## **Guidance**

The UK has also updated its [Russia guidance](#) to take into account the new restrictions imposed.

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person, other than an individual, connected with Russia for the purpose of making funds or economic resources available to or for the benefit of a person connected with Russia; (e) directly or indirectly acquiring any ownership interest in or control over a relevant entity for the purpose of making funds or economic resources available to or for the benefit of a person connected with Russia; (f) directly or indirectly establishing any joint venture with a person connected with Russia; (g) opening a representative office or establishing a branch or subsidiary located in Russia; or (h) providing investment services directly related to an activity referred to in sub-paragraphs (a) to (g).



## **General Licences**

[INT/2022/2448692](#)

On 16 December 2022, OFSI issued General Licence [INT/2022/2448692](#) which provides for a 7 day wind down of activity which would otherwise breach the new restrictions imposed in regulations 16 and 17 (as outlined above). It also provides for a wind down period with respect to existing investment restrictions in regulation 18B.

The general licence is valid from 16 December 2022 and expires on 22 December 2022.



## European Union

On 16 December 2022 the EU published its 9<sup>th</sup> package of sanctions with respect to Russia. This includes the following:

- Asset freezes with respect to a further 141 individuals and 49 entities (including Credit Bank of Moscow and Dalnevostochny Bank);
- Amendments to derogations set out in Council Regulation 269/2014 with respect to certain designated persons, as well as a new derogation ground relating to designated persons who held a significant role in the international trade of agricultural and food products where the release of funds is necessary for such trade to third countries (for food security);
- Amendments to Council Regulation 833/2014, including (but not limited to);
  - Expanded prohibitions with respect to EU person involvement in Russian companies;
  - An expansion of the lists of goods which are restricted for export to Russia;
  - A prohibition on new investment in Russia's mining sector;
  - The addition of the Russian Regional Development Bank to the article 5aa transaction ban;
  - Clarifications regarding the existing derogations for the supply of Russian oil products to certain member states;
  - A prohibition on EU persons holding any posts within the governing bodies of certain government owned or controlled Russian entities from 16 January 2023 (a number of derogations have been issued);
  - Amendments to the professional services restrictions in article 5n to now include the provision of advertising, market research, public opinion polling services, product testing and technical inspection services; and
  - A suspension of the broadcasting licences of four additional Russian media outlets;



- NTV/NTV Mir;
- Rossiya 1;
- REN TV; and
- Pervyi Kanal

### **Updated Russia sanctions FAQ's**

The EU Commission has recently made a number of updates to its Russia sanctions FAQs.





## United States

On December 9, 2022, the US Department of the Treasury Office of Foreign Assets Control (“**OFAC**”) updated the Specially Designated Nationals and Blocked Persons (“**SDN**”) List. Specifically, OFAC:

- added 20 Russian nationals to the SDN List for “[anti-democratic conduct and human rights abuses](#).” Fifteen of the newly sanctioned individuals are members of the Central Election Commission of the Russian Federation. OFAC also revised the basis of the SDN List designation for one individual, Aleksey Muratov; and
- added 4 Russian governmental entities to the SDN List. These include the Central Election Commission of the Russian Federation, which in September 2022 helped oversee and monitor sham referendums held in areas of Russia-controlled Ukraine that “[were rife with incidents of clear voter coercion and intimidation](#).”

On December 15, 2022, OFAC again updated the SDN List. Specifically, OFAC:

- added 41 Russian nationals and 4 Russian-affiliated individuals to the SDN List. Among the individuals sanctioned is **Vladimir Olegovich Potanin**, a close associate of Russian President Vladimir Putin and one of Russia’s most wealthy businessmen.
  - As a result, all of Potanin’s property and interests in property that are in the United States or in the possession or control of US persons are blocked and any entities that are owned, directly or indirectly, 50 percent or more by Potanin are also blocked. Additionally, all transactions by US persons or within (or transiting) the United States that involve any of Potanin’s property or interests in property are prohibited unless authorized by OFAC or exempt.
  - Although Potanin is the largest shareholder of the Russian company **Norilsk Nickel**, the world’s largest producer of palladium and refined nickel, OFAC has expressly stated (in [FAQ 1104](#)) that Norilsk Nickel is not currently on the SDN List because, based on information available at the time of the designation, Norilsk Nickel is not owned 50% or more by Potanin or other blocked persons, or otherwise considered blocked property of Potanin.



- added 21 Russian-affiliated businesses and governmental entities to the SDN list. 17 of these entities are linked to Russian state-owned bank VTB Bank;
- added one Russian-affiliated vessel to the SDN List; and
- revised the basis of the SDN List designation for two individuals, Aleksey Aleksandrovich Dikiy and Ekaterina Gubareva.

In addition, on December 15, 2022, OFAC issued the following Russia-related General Licenses (“**GL**”):

- [GL 8E](#), authorizing transactions prohibited by EO 14024 involving certain entities that are related to energy.
- [GL 58](#), authorizing the wind down and rejection of transactions involving Russian commercial bank Rosbank or any entity in which Rosbank owns, directly or indirectly, a 50 percent or greater interest until March 15, 2023. GL 58 also authorizes U.S. persons to reject, rather than block, all transactions ordinarily incident and necessary to the processing of funds involving one or more Rosbank entities as an originating, intermediary, or beneficiary financial institution, until March 15, 2023. Rosbank is owned by Vladimir Potanin’s company Interros.
- [GL 59](#), authorizing U.S. persons to divest or transfer holdings in securities of Rosbank entities to non-U.S. persons, as well as the wind down of certain derivative contracts involving Rosbank.

## 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



**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  
kathringack@  
eversheds-sutherland.com



**Tatjana Tscherevko**  
*Germany*

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



**Sarah Monnerville Smith**  
*France*

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

**US**



**Ginger Faulk**

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



**Mark Herlach**

**T:** +1 202.383.0172  
markherlach@  
eversheds-sutherland.com



**Sarah Paul**

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



**Jeffrey Bialos**

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



**Michael Petrov**

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



**Nicholas Hillman**

**T:** +1 202. 383. 0127  
nicholashillman@  
eversheds-sutherland.us



**Lamine Hardaway**

**T:** +1.301.787>7924  
laminehardaway@  
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**

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