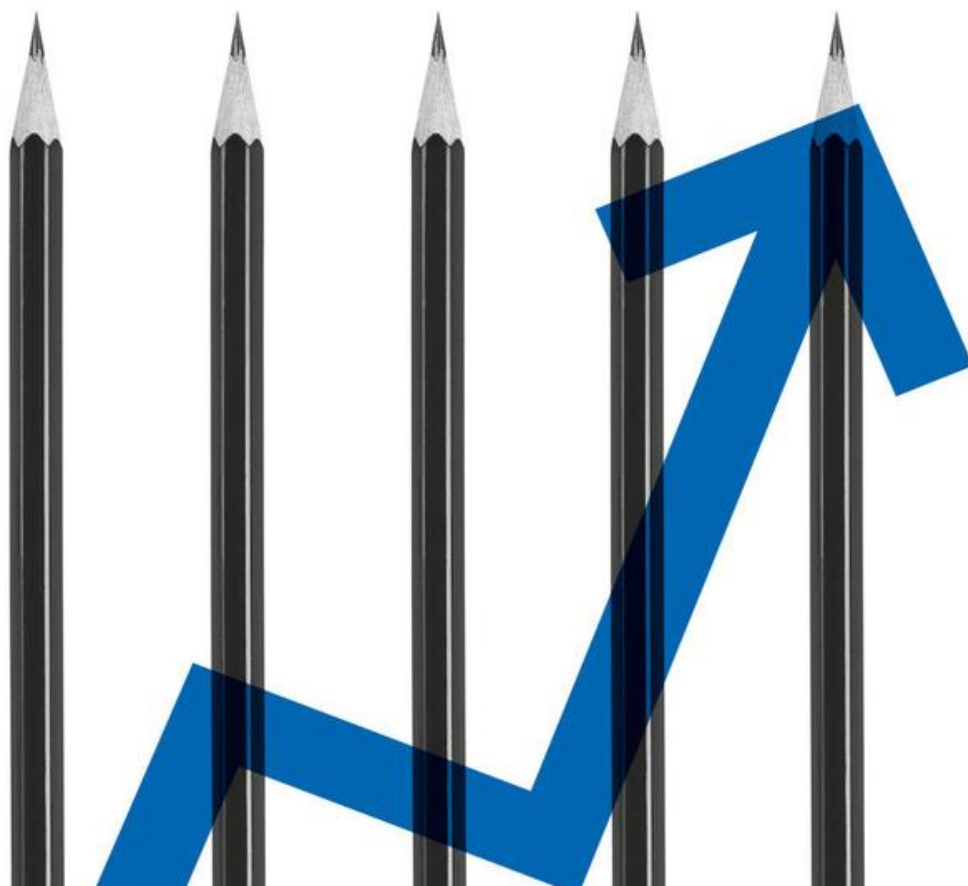


## **Keeping you up to speed**

Further expansion of sanctions against Russia and Belarus

10 March 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.

The sanctions landscape has been changing at a fast pace and further changes are expected throughout this week.

This briefing summarises the key developments since 8 March 2022 and supplements our previous briefings on:

- [23 February 2022](#)
- [24 February 2022](#)
- [28 February 2022](#)
- [3 March 2022](#)
- [9 March 2022](#)

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



## United Kingdom

The UK government has announced the following:

### **Asset Freezes**

On 10 March 2022 asset freezes were announced in respect of 7 Russian individuals:

- Roman Arkadyevich Abramovich;
- Igor Ivanovich Sechin;
- Oleg Vladimirovich Deripaska;
- Dmitri Alekseevich Lebedev;
- Alexei Borisovich Miller;
- Andrei Leonidovich Kostin; and
- Nikolai Petrovich Tokarev.

together the “**Designated Persons**”.

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

### **General Licence – Chelsea Football Club**

Alongside the designations above, OFSI has issued General Licence INT/2022/1327076 specifically relating to Chelsea Football Club (“**Chelsea FC**” or the “**Club**”)) which takes effect from 10 March 2022 and expires on 31 May 2022. In a [blog](#) issued on 10 March 2022, OFSI stated that due to the



designation of Roman Abramovich, Chelsea FC is now also subject to an asset freeze. The general licence seeks to enable the Club to continue to fulfil fixtures and to carry out football business “without undermining the impact of sanctions”. Key points to note in the general licence include:

- Payments for remuneration, allowances and pensions for all employees of Chelsea FC can be made;
- Fees, dividends and other allowances to directors of the Club (other than Roman Abramovich) can be paid if obligations to do so arose pre-10 March 2022;
- reasonable fees and costs for regular maintenance of the Club can be processed;
- reasonable costs for travel to and from fixtures can be paid not exceeding £20,000 per game per Club team;
- reasonable costs necessary for the purposes of the Club hosting Fixtures at its home ground or grounds, including but not limited to security, catering and stewarding can be paid where such costs do not exceed £500,000 per fixture per Club team;
- inter-club payments to discharge obligations which existed before 10 March 2022 under player loan arrangements are permitted;
- inter-club payments to discharge obligations which existed before 10 March 2022 under player sale arrangements are permitted;
- broadcasters may broadcast any Fixtures involving the Club;
- third parties who purchased or produced Club Merchandise prior to 10 March 2022 are permitted to sell existing stocks of Club Merchandise, on the condition that no funds or other financial benefits are made available to the Club or to Roman Abramovich.

Whilst the below is also permitted, any funds which the Club receives as a result of these permitted activities, must be frozen:

- persons who purchased tickets for a Fixture or who held a Club season ticker prior to 10 March 2022 may:
  - attend Fixtures and purchase refreshments whilst there; and





- make payments under contractual or other obligations entered into prior to 10 March 2022 in respect of season tickets
- persons may pay to the Club payments to discharge existing obligations under player loan or sale arrangements;
- Relevant bodies (such as The English Football Association, The Premier League, the Union of European Football Associations etc) may pay to the Club revenue for broadcast licensing related to any Fixtures and any performance fee;

Relevant Institutions may process or accept all payments authorised under the licence.

#### **General Licence clarification – VTB**

On 09 March 2022 OFSI also made amended the general notice which accompanies the existing licence INT/2022/1272278 in respect of the wind down of positions with VTB Bank, issued on 25 February 2022. The notice clarifies the position regarding freezing of funds owed to VTB and confirms that:

- the General licence does not contain a requirement that funds becoming payable to VTB as a necessary part of a person winding down any transactions they have with VTB be paid into a frozen account; but
- in respect of funds becoming payable to any subsidiary of VTB as a necessary part of a person winding down any transactions they have with those subsidiaries, OFSI is providing no further guidance , save to say that ownership and control provisions in the Russia Regulations could apply to such payment.

#### **Belarus**

On 9 March 2022, OFSI issued General Licence INT/2022/1322576. This General Licence relates to Belaeronavigatsia – an entity which is subject to an asset freeze under regulation 5 of The Republic of Belarus (Sanctions) (EU Exit) Regulations 2019. The General Licence authorises:

- Belaeronavigatsia to provide aeronautical information publication data to flight data providers for the purposes of flight safety concerning civilian aircrafts (and the flight data providers are authorised to use such data); and



- flight data providers to make payments to Belaeronavigatsia for the aeronautical information publication data.

The use of the General Licence is subject to strict reporting and record-keeping requirements.

In addition, on 9 March 2020, the Export Control Joint Unit announced that it had re-assessed relevant Open General Export Licences and Belarus is now removed as a permitted destination from certain licences. This applies to the following licences:

- [open general export licence \(chemicals\)](#)
- [open general export licence \(chemicals\) from December 2019](#)
- [open general export licence \(cryptographic development\)](#)
- [open general export licence \(cryptographic development\) from December 2019](#)
- [open general export licence \(export after exhibition: dual-use items\)](#)
- [open general export licence \(export for repair/replacement under warranty: dual-use items\)](#)
- [open general export licence \(export for repair/replacement under warranty: dual-use items\) from December 2019](#)
- [open general export licence \(X\)](#)
- [open general export licence \(X\) - from December 2019](#)





## European Union

Following a series of asset freezes, financial based prohibitions and trade-related restrictions imposed by the EU on between 23 February 2022 and 8 March 2022, the European Council agreed (on 9 March 2022) further amendments in respect of sanctions against Russia and also a further package of sanctions in respect of Belarus.

### **Sanctions in respect of Russia**

The key items to note include:

Council Implementing Regulation (EU) 2022/396 ("EU Reg 2022/396").

EU Reg 2022/396 amends Regulation (EU) No 269/2014 to implement asset freezes in respect of a number of Russian oligarchs and prominent business people, including:

- Alexander Dmitrievich PUMPYANSKY, Chairman of the Board of Directors of PJSC Pipe Metallurgical Company;
- Alexander Semenovich VINOKUROV, connected with the Maraton Group and Magnit (a Russian food retailer);
- Andrey Igorevich MELNICHENKO, Non-Executive Director of JSC SUEK, Member of the Board of EuroChem Group;
- Dmitry Alexandrovich PUMPYANSKY, Chairman of the board of directors of PJSC Pipe Metallurgic Company, the President, the board member of Group Sinara;
- Dmitry Arkadievich MAZEPIN, CEO of JSC UCC Uralchem;
- Galina Evgenyevna PUMPYANSKAYA, Chairwoman of the Board of trustees of Sinara charitable foundation;
- Mikhail Eduardovich OSEEVSKY, President of PJSC Rostelecom;
- Mikhail Igorevich POLUBOYARINOV, CEO of OJSC Aeroflot;





- Sergey Alexandrovich KULIKOV, Chairman of the Board of Management Company RUSNANO LLC;
- Vadim Nikolaevich MOSHKOVICH, Chairman of the Board of Directors of Rusagro Group and minority owner of Sberbank;
- Vladimir Sergeevich KIRIYENKO, CEO of VK Company Limited, the parent company of Russia's top social media platform, VKontakte;
- Andrey Andreevich GURYEV, CEO and Chairman of the Management Board of PJSC PhosAgro;
- Dmitry Vladimirovich KONOV, Chairman of the Board of PJSC SIBUR Holding; and
- Nikita Dmitrievich MAZEPIN, Russian racing driver and son of Dmitry Arkadievich Mazepin.

In addition, asset freezes have been imposed on 146 members of the Russian Federation Council.

together the "**Sanctioned Persons**"

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

Council Regulation (EU) 2022/394 ("EU Reg 2022/394").

EU Reg 2022/394 amends Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine as follows:

- The definition of "transferable securities" is clarified to make it clear it includes securities in the form of crypto-assets;
- The introduction of a **new article 3f** which prohibits:
  - (a) the sale, supply, transfer or export, directly or indirectly, of maritime navigation goods and technology, as listed in Annex XVI to any "*natural or legal person, entity or body in Russia or*





*for use in Russia or for the placing on board of a Russian-flagged vessel".* The prohibition applies regardless of whether the goods or technology originate in the EU;

- (b) the provision of technical assistance, brokering services or other services related to such goods and technology and to the provision, manufacture, maintenance and use of such goods and technology;
- (c) the provision of financing or financial assistance related to (a) and (b) above.

These restrictions are subject to certain exemptions, including (but not limited to) where the goods and technology are for non-military use and for a non-military end-user, intended for humanitarian purposes or for health emergencies.

- An **amendment to Annex XIII**, which added Russian Maritime Register of Shipping to the list of persons subject to the prohibition under article 5.4(a) relating to the purchase, sale or provision of investment services for or assistance in the issuance of transferable securities and money-market instruments.
- An **amendment to article 5a** which was previously introduced by Council Regulation (EU) 2022/262 on 23 February 2022 and updated on 28 February 2022 by Council Regulation (EU) No 2022/334 . This replaces the previous language of article 5a(4) and extends the existing restrictions on the prohibition to engage in transactions *"related to the management of reserves as well as of assets of the Central Bank of Russia, including transactions with any legal person, entity or body acting on behalf of, or at the direction of, the Central Bank of Russia"*, to make it clear that persons acting on behalf of, or at the direction of the Central Bank of Russia would include the Russian National Wealth Fund.
- An **amendment to article 5b** in respect of the new restrictions on deposits from Russian nationals or residents which were imposed on 25 February 2022 by Council Regulation (EU) 2022/328. These new restrictions were subject to certain exemptions, including for Russian nationals who are nationals of, or individuals with a permanent or temporary residence permit in, a Member State. EU Reg 2022/394 further expands this exemption to include nationals of, and persons having temporary or permanent residence permit in, (i) a Member State; (ii) a country member of the EEA and (iii) Switzerland.





### **Sanctions in respect of Belarus**

On 9 March 2022, the EU published Council Regulation (EU) 2022/398 ("**EU Reg 2022/398**") which makes a series of amendments to Regulation 765/2006 ("**EU Reg 765/2006**") concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine.

#### **Financial-related prohibitions**

A number of definitions within EU Reg 765/2006 have been added and those operating in the financial sector would take note of these changes including:

- "Central securities depository";
- "Deposit";
- "investor citizenship schemes" (or "golden passports");
- "investor residence schemes" (or "golden visas"); and
- "trading venue".

In addition there has been an amendment to the definition of "**transferable securities**" with the addition of the text underlined below:

"means the following classes of securities, including in the form of crypto-assets, which are negotiable on the capital market, with the exception of 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 acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities





A series of additions have also been made which create new prohibitions on certain financial related transactions/activities. In particular the following new articles should be noted:

- **Article 1ja** – creates a prohibition on transactions “related to the management of reserves as well as of assets of the Central Bank of Belarus, including transactions with any legal person, entity or body acting on behalf of, or at the direction of, the Central Bank of Belarus”.
- **Article 1jb** - Introduces a new prohibition on the listing and provision of services on trading venues registered or recognised in the EU, for the transferable securities of any legal person, entity or body established in Belarus and with over 50 % public ownership. These prohibitions take effect as of 12 April 2022.
- **Article 1t** – introduces a prohibition on public financing and financial assistance for trade with, or investment in, Belarus (subject to certain exemptions).
- **Article 1x** - Introduces a new prohibition for Union central securities depositories to provide any services for transferable securities issued after 12 April 2022 to any Belarusian national or resident or any body or entity established in Belarus. “**Central securities depository**” depository means a legal person that operates a securities settlement system and provides at least one of the following core services: notary services, central maintenance services and settlement services. This prohibition does not apply to nationals of a Member State or individuals with a temporary or permanent residence permit in a Member State.
- **Article 1y** - Introduces a new restriction whereby EU persons are prohibited to sell Euro denominated transferable securities issued after 12 April 2022, or units in collective investment undertakings providing exposure to such securities, to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus.

There are no limitations in respect of which transferable securities are impacted or who they are issued by and therefore this is a much broader restriction than the other capital markets restrictions and is likely to result in significant due diligence considerations. There is an exemption which means that they can be sold to nationals of an EU Member State or persons having temporary or permanent residence permit in a Member State.

- **Article 1za** – subject to exemptions in respect of personal use by natural persons and official purposes of diplomatic missions, consular posts or international organisations in Belarus enjoying immunities, this article prohibits EU persons from selling, supply, transferring or exporting Euro





denominated banknotes to Belarus or to any natural or legal person, entity or body in Belarus or for us in Belarus. This includes to the Government or Central Bank of Belarus.

- **Article 1zb** – prohibits the provision of specialised financial messaging services which are used to exchange financial data (such as SWIFT) to the following three banks and any entities directly or indirectly owned more than 50% by them which are established in Belarus:
  - Belagroprombank;
  - Bank Dabrabyt; and
  - The Development Bank of the Republic of Belarus.
- **Deposits from Belarus nationals or residents** - EU Reg 2022/398 introduces new restrictions which prohibit the acceptance of any deposits from Belarusian nationals or residents as well as any legal persons, entities or bodies established in Belarus if the total value of deposits held exceeds EUR 100,000 (article 1u).

This prohibition does not apply to nationals of, or individuals with a permanent or temporary residence permit in (i) a Member State (ii) a country member of the EEA or (iii) Switzerland. The prohibition does not apply to deposits which are necessary for non-prohibited cross-border trade in goods and services between the EU and Belarus.

Articles 1v and 1w enable competent authorities to authorise the acceptance of deposits which would otherwise be restricted, with any conditions they deem appropriate. Such authorisation may be provided in limited circumstances including where the deposit is:

- necessary to satisfy the basic needs of the Belarusian national or resident and their dependent family members or any legal person, entity or body established in Belarus;
- intended exclusively for the payment of reasonable professional fees or reimbursements of expenses associated to the provision of legal services;
- necessary for extraordinary expenses;
- necessary for official purposes of a diplomatic mission or consular post or internal organisation; or



- necessary for humanitarian purposes or for civil society activities that directly promote democracy, human rights or the rule of law in Belarus.

For each authorisation or proposed authorisation, there are specific requirements for informing the other Member States and the Commission.

It is also important to note that article 1z introduces reporting requirements for credit institutions relating to this new restriction. Such institutions are now required to supply the national competent authority of the Member State where they are located, or the Commission, with a list of deposits exceeding 100,000 EUR held by Belarusian nationals or residents or any legal person, entity or body established in Belarus. This information must be provided by 27 May 2022.

Credit institutions are required to provide updates regarding the amounts of these deposits every 12 months.

In addition, credit institutions must also supply to the competent authority or Commission information on deposits exceeding EUR 100,000 held by Belarusian nationals and residents who have acquired the citizenship of a Member State or residence rights in a Member State through an investor citizenship scheme or an investor residence scheme.





## United States

On March 8, the Bureau of Industry and Security of the US Department of Commerce published a [final rule](#) expanding the new export controls against Russia that were introduced on February 24, 2022 to Belarus. Importantly, the rule is effective March 2, 2022. Thus, effective March 2, 2022:

- New license requirements for all Export Control Classification Numbers (“**ECCNs**”) in Categories 3-9 of the Commerce Control List (“**CCL**”), including microelectronics, telecommunications items, sensors, navigation equipment, avionics, marine equipment, and aircraft components apply to Belarus
- The two new Russian foreign direct product rules also apply to Belarus.

The new rule also revised the country designation of Belarus, [removing Belarus from Country Group A:4](#) under the Export Administration Regulations (“EAR”) to impose a license requirement for Nuclear Nonproliferation (NP) items.

BIS also added two Belarusian entities, JSC Integral and The Ministry of Defence of the Republic of Belarus, including the Armed Forces of Belarus and all operating units wherever Located, to the Entity List as “military end users.” Thus, exports, reexports, or in-country transfers of any US-origin goods or foreign goods that contain more than 25% US-origin content are banned to these entities except for food and medicine.

In addition, late in the evening on March 9, 2022, the US House of Representatives passed the [Ukraine Supplemental Appropriations Act, 2022](#), which is a \$13.6 billion aid bill that included military and humanitarian aid. The bill now awaits US Senate voting, which is expected to happen before Friday.

Immediately after the Ukraine aid bill passed, the US House of Representatives overwhelmingly passed (414-17) the bipartisan [Suspending Energy Imports from Russia Act \(H.R.6968\)](#), which imposes a ban, effective 45 days after enactment, on the importation of all products of the Russian Federation classified under chapter 27 of the Harmonized Tariff Schedule of the United States. The language of the bill closely tracks the spirit of the Executive Order and General License 16 issued the day before and gives authority to the US President to allow imports pursuant to written contracts or agreements that existed prior to the enactment of the Act. The bill also authorizes the US President to issue a waiver if the President certifies that the waiver would be in the “national interest.” In addition, the bill calls for the US Trade Representative to use its influence at the World Trade Organization (“WTO”) to suspend trade concessions to Russia as well as suspend Russia’s participation in the WTO. If passed, the bill would also amend and expand the scope of the Magnitsky Human Rights Accountability Act. The bill will need to be passed by US Senate and signed by the President to be enacted and become law.

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