

SANCTIONS ACT 2019

Sanctions against the Russian Federation

February 2022

This newsletter is not a substitute for seeking professional advice and has no legal standing.

Relevant Financial Businesses are reminded that United Kingdom financial sanctions against individuals and entities connected with the Russian Federation take effect in and are applicable in Gibraltar as soon as they come into operation in the United Kingdom. Please refer to sections 4, 6(2)(e) and 7 of the Sanctions Act 2019 ([https://www.gibraltarlaws.gov.gi/uploads/legislation/s/sanctions/2019-06/2019-06\(09-02-21\).pdf#viewer.action=download](https://www.gibraltarlaws.gov.gi/uploads/legislation/s/sanctions/2019-06/2019-06(09-02-21).pdf#viewer.action=download)).

You are also reminded that Gibraltar continues to give automatic effect to EU restrictive measures. It should be noted that under the Sanctions Act 2019, financial sanctions are sanctions put in place by the UN, UK, EU and Gibraltar.

Finally, you should be aware that sanctions in connection with the Russian Federation cover immigration, trade, aircraft and shipping, among others, as well as funds and economic resources.

UK SANCTIONS

The relevant UK website containing the current list of financial sanctions can be found at <https://www.gov.uk/government/publications/financial-sanctions-ukraine-sovereignty-and-territorial-integrity>.

The UK's Russia (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/855) were made under the Sanctions

and Anti-Money Laundering Act 2018 (the Sanctions Act) and provide for the freezing of funds and economic resources of certain persons, entities or bodies involved in destabilising Ukraine or undermining or threatening the territorial integrity, sovereignty or independence of Ukraine, or obtaining a benefit from or supporting the Government of Russia.

On 25 February 2022 the Foreign, Commonwealth and Development Office updated the UK Sanctions List on GOV.UK. This list provides details of those designated under regulations made under the Sanctions Act.

Following the publication of the UK Sanctions List, information on the new and previous versions of the Consolidated List has been updated.

The current UK listing can be found here https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1057537/Russia.pdf

As these listings are being updated regularly RFBs should check for the latest news and check their transactions on an ongoing basis and their customer and UBO databases regularly.

EU SANCTIONS

On 25 February 2022, the EU decided to freeze the assets of Russia's President Vladimir Putin and Minister of Foreign Affairs Sergey Lavrov. In addition, the EU imposed restrictive measures on the members of the National Security Council of the Russian Federation and on the remaining members of the Russian State Duma who supported Russia's recognition of the self-proclaimed Donetsk and Luhansk "republics".

The Council also agreed on a further package of individual and economic restrictive measures to respond to the unprovoked and unjustified military aggression carried out by the Russian Federation

against Ukraine. These sanctions cover the following sectors:

- finance
- energy
- transport
- technology
- visa policy

On 23 February 2022, the Council agreed on a first package of sanctions in response to the recognition by Russia of the non-government controlled areas of Donetsk and Luhansk oblasts in Ukraine as independent entities.

The list of persons and entities under EU restrictive measures over the territorial integrity of Ukraine (Official Journal of the EU) can be found on these links <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-ukraine-crisis/> and [https://eur-lex.europa.eu/eli/dec/2014/145\(1\)/](https://eur-lex.europa.eu/eli/dec/2014/145(1)/)

Over the next few days another set of measures are expected to be announced against Belarus.

The EU has listed both individuals as well as entities connected with Russia and the list is much more extensive than the UK Sanctions and the situation is developing rapidly with more names added frequently. It is imperative that RFBs immediately check their customer and UBO databases against the entire listings and continue to do so regularly.

Asset freezes and travel restrictions

654 people and 52 entities are subject to an asset freeze and a travel ban because their actions have undermined Ukraine's territorial integrity, sovereignty and independence. The list of sanctioned persons and entities are kept under constant review and are subject to periodic renewals by the Council.

These measures were introduced in March 2014. They were last extended until 15 March 2022.

[List of persons and entities under EU restrictive measures over the territorial integrity of Ukraine \(Official Journal of the EU\)](#)

Misappropriation of Ukrainian state funds

In March 2014, the Council decided to freeze the assets of individuals responsible for the misappropriation of Ukrainian state funds. These measures were last extended in March 2020 until 6 March 2022.

Restrictions on economic relations with Crimea and Sevastopol

The Council adopted restrictive measures in response to the illegal annexation of Crimea and Sevastopol by the Russian Federation.

The measures apply to EU nationals and EU-based companies. Their scope is limited to the territory of Crimea and Sevastopol.

These measures include:

- an import ban on goods
- restrictions on trade and investment related to certain economic sectors and infrastructure projects
- a prohibition on supplying tourism services
- an export ban on certain goods and technologies

On 21 June 2021, the Council extended these measures until 23 June 2022.

Restrictions on economic relations with non-government controlled areas of Donetsk and Luhansk

The Council adopted restrictive measures in response to the decision by the Russian Federation to proceed with the recognition of the non-government controlled areas of Donetsk and Luhansk oblasts in Ukraine as independent entities, and the ensuing decision to send Russian troops into these areas.

The scope of the measures is limited to the non-government controlled territories of Donetsk and Luhansk oblasts. These measures include:

- an import ban on goods
- restrictions on trade and investment related to certain economic sectors
- a prohibition on supplying tourism services
- an export ban on certain goods and technologies

Economic sanctions targeting exchanges with Russia in specific economic sectors

In July and September 2014, the EU imposed economic sanctions targeting exchanges with Russia in specific economic sectors.

In March 2015, EU leaders decided to align the existing sanctions regime to the complete implementation of the Minsk agreements, which was scheduled for the end of December 2015. Since this did not happen, the Council extended the economic sanctions until 31 July 2016.

The economic sanctions have been extended successively for six months at a time since 1 July 2016.

The decision to extend them was made each time following an assessment of the implementation of the Minsk agreements. The economic sanctions are currently extended until 31 July 2022.

These restrictive measures:

- limit access to EU primary and secondary capital markets for certain Russian banks and companies
- impose an export and import ban on trade in arms
- establish an export ban on dual-use goods for military use or military end users in Russia
- impose an export ban in goods and technology in the aviation and space industry
- curtail Russian access to certain sensitive technologies and services that can be used for oil production and exploration

On 23 February 2022, the Council decided to introduce a sectoral prohibition on financing the Russian Federation, its government and Central Bank. By restricting the ability of the Russian state and government to access the EU's capital and financial markets and services, the EU aims to limit the financing of escalatory and aggressive policies.

The EU measures ALSO applies immediately and completely to Gibraltar and so compliance with the Sanctions Act 2019 in respect of such persons is also compulsory.

YOU ARE REQUIRED TO:

- i. check the current UK and EU listings for updates on a regular basis;
- ii. check whether you maintain any accounts or hold any funds or economic resources for the persons set out above;
- iii. freeze such accounts, and other funds or economic resources and any funds which are owned or controlled by persons set out above;
- iv. refrain from dealing with the funds or assets or making them available (directly or indirectly) to such persons unless licensed by the Competent Authority of Gibraltar;
- v. report any asset freeze or financial sanction breaches under the Sanctions Act 2019 to the GFIU, through its online reporting system THEMIS, together with any additional information that would facilitate compliance with the Sanctions Act 2019;
- vi. provide any information concerning the frozen assets of designated persons that Competent Authority may request. Information reported to the GFIU may be passed on to other regulatory authorities or law enforcement;
- vii. report any export matters related to the restrictions listed above, regarding goods, to HM Customs Gibraltar.

Failure to comply with the Sanctions Act 2019 or to seek to circumvent its provisions is a criminal offence.

ADDENDUM TO THE NATIONAL RISK ASSESSMENT

The following section is to be added to the 2020 National Risk Assessment.

4.3.4 Russian Federation

As a result of the imposition of UK and EU providing for the freezing of funds and economic resources of certain persons, entities or bodies involved in destabilising Ukraine or undermining or threatening the territorial integrity, sovereignty or independence of Ukraine, or obtaining a benefit from or supporting the Government of Russia by the UK and EU, all RFBs should now treat the Russian Federation as a High-Risk jurisdiction.

Before entering into any transaction with any person connected with the Russian Federation or associated entities, RFBs must be certain that the restrictions imposed by the Sanctions Act 2019 will not be breached and should consider seeking independent legal advice before entertaining such transactions as well as its reporting obligations.

Please read the Financial Sanctions Guidance Notes on the GFIU website to ensure your compliance with your obligations :

<https://www.gfiu.gov.gi/uploads/docs/publications/Financial%20Sanctions%20Guidance%20Notes%20v1.1.pdf>

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