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# Hughes Hubbard & Reed

## EU Adopts a Comprehensive 14th Package of Sanctions Against Russia, Enhancing Compliance Requirements, Cracking Down on Circumvention and Targeting High-Value Sectors of the Russian Economy

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**June 27, 2024** – On June 24, 2024, the European Union (“**EU**”) adopted a fourteenth package of restrictive measures (sanctions) against Russia for its continued war of aggression against Ukraine. The comprehensive set of measures aims at targeting high-value sectors of the Russian economy, including energy, finance, and trade, and at cracking down on EU sanctions circumvention. In particular, this sanctions package introduces enhanced compliance expectations and requirements with potentially far-reaching geographic reach. The new EU sanctions were implemented through five Council Decisions, two Council Regulations and three Council Implementing Regulations.

In this alert, we discuss:

1. Compliance Requirements and Enforcement Guidelines
2. Individual Restrictive Measures
3. Trade Sanctions
4. Restricted Services
5. Energy sector

- 6. Aviation Sector
- 7. Financial Sector
- 8. Transport
- 9. IP Rights
- 10. Foreign Interference
- 11. New FAQs on Sanctions Against Russia

## 1. Compliance Requirements and Enforcement Guidelines

### a. Extended Reach of EU Sanctions

- **Jurisdiction extended through decisive influence** – The preamble of [Regulation 2024/1745](#) notes that EU sanctions apply only within the jurisdictional limits defined in Article 13 of Regulation 833/2014. However, the preamble adds that if individuals and entities subject to the jurisdictional criteria of Article 13 (EU operators) are able to and effectively assert a “decisive influence” over the conduct of an entity established outside the EU, they may become liable for actions of that entity that violate EU sanctions and should use their influence to prevent those actions from occurring.
  - The preamble further clarifies that such influence can derive from ownership or control over the entity.

#### Definition of “ownership”

The preamble states that “ownership” means being in possession of 50% or more of the proprietary rights of the entity or having a majority interest therein.

We note that this threshold is not aligned with [EU Best Practices](#), which defines ownership as the possession of “more than 50%.” However, this threshold is in line with the definition of this term provided in [Regulation 2580/2001](#), to which [EU Best Practices](#) refer in a footnote and is aligned with the United States’ “[50% Rule](#).”

#### Definition of “control”

The preamble states that elements indicating “control” include:

- the right or the power to appoint or remove a majority of the members of the administrative, management or supervisory body of the entity;
- the right to use all or part of the assets of the entity;
- managing the business of the entity on a unified basis, while publishing consolidated accounts; or
- the right to exercise a dominant influence over the entity.

- **New best-efforts obligation for EU parent companies towards their foreign subsidiaries** – EU operators are now required to undertake their best efforts (see the chart below) to ensure that any entity established outside

the EU that they “own or control” (see the chart above) does not participate in activities that undermine the restrictive measures provided for in Regulation 833/2014.

### Definition of “best efforts”

Best efforts include all actions that are suitable and necessary to prevent the activities that undermine the restrictive measures provided for in Regulation 833/2014.

### Characteristics of “best efforts”

Best efforts should be built on a risk-based approach. EU operators should calibrate the best efforts in view of:

- their nature,
- their size, and
- the relevant factual circumstances, in particular the degree of effective control over the non-EU entity.

### Examples of “best efforts”

Best efforts can include, *inter alia*, the implementation of appropriate policies, controls and procedures to mitigate and manage risk effectively, considering factors such as:

- the third country of establishment,
  - the business sector, and
  - the type of activity,
- of the entity that is owned or controlled by the EU operator.

#### b. Definition of the Circumvention

- **Clarification of standard for circumvent sanctions** – The prohibition on circumventing sanctions provided for in Regulation 833/2014 and Regulation 269/2014 was amended to be aligned with the interpretation of the Court of Justice of the EU in Case C-72/11, Afrasiabi and Others. This prohibition now expressly covers any participation in activities the object or effect of which is to circumvent these Regulations or without deliberately seeking that object or effect when the operator is aware that such participation may have that object or effect and accepting that possibility.

#### c. New Risk-based Compliance Program Requirement for Common High Priority (“CHP”)

- **New obligation to implement a risk-based compliance program** – As of 26 December 2024, EU operators, including the foreign entities they own or control, who sell, supply, transfer or export CHP items (Annex XL of Regulation 833/2014) will be required to implement a risk-based compliance program (see our summary in the chart below).

## Scope of Application of Compliance Program Requirements

Subjects	Deadline	Exemptions
EU operators selling items listed in Annex XL of Regulation 833/2014	26 December 2024	Not applicable to EU operators selling, <u>supplying</u> or transferring items listed in Annex XL of Regulation 833/2014 only within the EU or to partner countries (Annex VIII of Regulation 833/2014)
Non-EU entities (i) owned or controlled by EU operators and (ii) selling items listed in Annex XL of Regulation 833/2014		Not applicable to non-EU subsidiaries over which EU operators are not able to exercise control, due to reasons that EU operators did not cause themselves

### Compliance program requirements

- Take appropriate steps, proportionately to their nature and size, to identify and assess the risks of exportation to Russia and exportation for use in Russia for such goods, and ensure that those risk assessments are documented and kept up-to-date; and
- Implement appropriate policies, controls and procedures, proportionately to their nature and size, to mitigate and manage effectively the risks of exportation to Russia and exportation for use in Russia for CHP items, whether those risks were identified at their level or at the level of the Member State or of the EU.

- **New obligation to contractually prohibit the intellectual property (“IP”) rights transfer for the production of the CHP items to Russia** – As of 26 December 2024, EU operators who sell, license or transfer IP rights or trade secrets or grant rights to access or re-use any material or information protected by IP rights or protected as trade secret related to the CHP items (Annex XL of Regulation 833/2014) should now include a “no-export to Russia clause.”
  - **Temporary exemption** – Contracts concluded before 25 June 2024 are exempted until 26 June 2025 or until their expiry date (whichever is earlier).

d. “No Re-export to Russia Clause”

- **Extension of the exemption to the obligation to contractually prohibit the re-export of sensitive goods to Russia** – Exporters are now exempted from the obligation to contractually prohibit the re-export of certain sensitive goods to Russia for:
  - The performance of contracts relating to certain CHP items listed in Annex XL of Regulation 833/2014 (falling under CN codes 8457 10, 8458 11, 8458 91, 8459 61, 8466 93) (see also new compliance requirements for CHP operators above);
  - The performance of contracts relating to other goods concluded before 19 December 2023 until 1 January 2025 or until their expiry date, whichever is earlier (instead of previously 20 December 2024).
- **New exemption** – The obligation to contractually prohibit the re-export of sensitive goods to Russia does not apply to public contracts concluded with a public authority in a third country or with an international

organization, as defined in Regulation 833/2014.

- **Notification obligation** – Exporters must inform their national competent authority (“NCA”) of any future public contract they concluded that benefited from this exemption within two weeks of its conclusion.

e. Enforcement Guidance

- **Voluntary self-disclosure (“VSD”) as a mitigating factor** – The VSD of violation of restrictive measures provided in Regulation 833/2014 and Regulation 269/2014 may be taken into account by Member States as a mitigating factor, in accordance with their respective national law.
  - **Conditions:** The preambles of [Regulation 2024/1745](#) and [Regulation 2024/1739](#) note that where a natural or legal person (i) voluntarily, (ii) completely and (iii) in due time discloses a violation of the restrictive measures, it should be possible for NCAs to take that self-disclosure into account when applying penalties, as appropriate, in accordance with national administrative law or with other relevant national law or rules.
    - This new reference to VSDs is aligned with the [Directive on the definition of criminal offences and penalties for the violation of Union restrictive measures and amending Directive \(EU\) 2018/1673](#) (“**Directive**”). Article 9 of the Directive is indeed calling Member States to provide mitigating circumstances for the determination of the penalties, where the offender provides the NCAs with information they would not otherwise have been able to obtain, helping them (i) to identify or bring to justice other offenders; or (ii) to find evidence. For more information on the Directive, please see [our previous alert](#).
- The preambles of [Regulation 2024/1745](#) and [Regulation 2024/1739](#) provide that the protection against liability for EU operators that did not know or had no reasonable cause to suspect that their actions would infringe EU restrictive measures cannot be invoked where these operators “have failed to carry out appropriate due diligence,” which should take into account publicly or readily available information.
- Documents held by the Council, the Commission and the High Representative concerning the enforcement of the restrictive measures set out in the Regulations, or concerning the prevention of the violation or circumvention of those measures, are now subject to professional secrecy, since information contained in those documents could be used to obstruct the enforcement of those measures or to compromise their effectiveness, given that the individuals and entities concerned could act in such a way as to prevent their enforcement.

f. Protection of EU from the Consequences of Sanctions

- **New temporary derogation from the prohibition to satisfy claims** – NCAs may now authorize until 31 December 2024 the satisfaction of a claim made by Russian person or entity in connection with any contract or transaction the performance of which has been affected by Regulation 833/2014, provided that it is strictly necessary for the divestment from Russia or the wind-down of business activities in Russia.
- **New legal basis for compensation claims in Member State courts** – EU operators are now entitled to recover, in judicial proceedings before the competent courts of the Member State, any damages, including legal costs:
  - Incurred by EU operators as a consequence of claims lodged with courts in third countries, in connection with any contract or transaction the performance of which has been affected by Regulation 833/2014 and Regulation 269/2014, by any individual or entity targeted by the “No Claims Clause” (Articles 11(1) of these Regulations), provided that the operators concerned do not have effective access to the remedies under the relevant jurisdiction; or
  - Caused to EU operators by any individual or entity targeted by the “No Claims Clause” (Articles 11(1) of Regulation 833/2014) that benefited from a decision pursuant to the Decree of the Russian President No. 302 of 25 April 2023 which allows seizure of some Russian assets owned by entities or individuals from so-called “unfriendly countries” (“**Russian Decree No. 302**”) or Russian legislation related or equivalent to it, provided that such decision is illegal under international customary law or under a bilateral investment treaty entered

between a Member State and Russia, and that the person concerned does not have effective access to the remedies under the relevant jurisdiction.

- **New transaction ban on Russian persons that meddled with arbitration and court competence (Annex XLIII of Regulation 833/2014)** – It is now prohibited to engage in any transaction with any entity listed in Annex XLIII of Regulation 833/2014.
  - Annex XLIII of Regulation 833/2014 which is currently empty should include entities referred to in the “No Claims Clause” (Articles 11(1) of Regulation 833/2014) that lodged a claim before a Russian court against an EU citizen or an entity established in the EU to obtain (i) an injunction, order, relief, judgment or (ii) other Court decision pursuant to Article 248 of the Arbitration Procedure Code of Russia or equivalent Russian legislation, in connection with any contract or transaction the performance of which has been affected by Regulation 833/2014 or Regulation 269/2014.
  - **Exemptions** – This transaction ban does not apply to transactions that are:
    - Necessary for the purchase, import or transport of pharmaceutical, medical or agricultural and food products whose purchase, import and transport is allowed under Regulation 833/2014;
    - Strictly necessary to ensure access to judicial, administrative or arbitral proceedings in a Member State, as well as for the recognition or enforcement of a judgment or an arbitration award rendered in a Member State, provided that such transactions are consistent with the objectives of Regulation 833/2014 and Regulation 269/2014;
    - Strictly necessary to recover damages incurred as a consequence of (i) claims lodged against EU operators with courts in third countries by persons whose contract or transaction has been affected by Regulation 833/2014 or Regulation 269/2014 or (ii) of the decision pursuant to the Russian Decree No. 302.

## 2. Individual Restrictive Measures

### New Designations

- The EU added 69 individuals and 47 entities to its restricted parties list through [Council Regulation 2024/1746](#). The newly-listed persons and entities are subject to asset freezes, as well as travel bans for individuals.
- The listed persons include military companies, companies active in space engineering (e.g., JSC Aeroelektromash and NPP Istok), in the aviation sector (e.g., OJSC Ural Airlines and Volga Dnepr Airlines LLC), in the chemical sector, as well as leading energy Russian companies (e.g., Burovaya Kompaniya Evraziya LLC, Siberian Service Company JSC, and Neftegazpromstroy LLC).
- The listing also includes the designation of the CEO of the Israeli company Texel F.C.G. Technology Limited, for circumvention by supplying Russian companies with a wide range of components for the incorporation into Russian military equipment, serving as an intermediary to transfer EU goods to those companies.
- In addition, the listings also include actors involved in disinformation and propaganda activities in support of Russia's war of aggression against Ukraine, including propagandists close to the Kremlin, TV presenters, and the Director of the Institute for Internet Development, which funded numerous projects which justify and glorify the war.

In total, as of the time of this alert, 2296 individuals and entities have been placed on the EU restricted parties list under the Russia program in respect of actions undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine.

In addition, six individuals have been added to [Annex I](#) to Regulation 2019/796 for conducting cyber-attacks on the infrastructure of EU member states and Ukraine accompanying Russia's unprovoked and unjustified war of aggression against Ukraine.

## New Derogations

- Pursuant to [Regulation 2024/1739](#), two derogations to the asset freeze measures were added for the release, under certain conditions, of frozen funds due to the involvement of (i) a sanctioned intermediary bank or (ii) an issuing bank. Notably, the derogation does not apply in relation to frozen funds or economic resources held by central securities depositories.

## 3. Trade Sanctions

### a. [Export-Related Restrictions](#)

#### ***Dual-use (Annex I of Regulation 2021/821) and advanced technology items (Annex VII of Regulation 833/2014)***

- **Extension of the list of entities subject to enhanced restrictions in relation to dual-use and advanced technology items** to cover an additional 61 entities (Annex IV of Regulation 833/2014) among which 33 are located in third countries (i.e., 19 in China / Hong Kong, 1 in Kazakhstan, 2 in Kyrgyzstan, 9 in Turkey, 1 in India and 1 in the United Arab Emirates) and have been involved in the circumvention of trade restrictions.
- **Extension of the list of advanced technology items** to include additional items, such as "quadbikes," microwave and aerial amplifiers and digital flight data recorders.

#### ***Goods which could contribute to the enhancement of Russian industrial capacities (Annex XXIII of Regulation 833/2014)***

- **Extension of the list of goods which could contribute to the enhancement of Russian industrial capacities** to cover certain chemicals, plastics, vehicle parts and machinery.
- **New wind-down exemptions** for certain specific goods listed in Annex XXIII of Regulation 833/2014:
  - For the performance until 26 September 2024 of contracts concluded before 25 June 2024 or ancillary contracts with regard to the goods listed in Annex XXIII C;
  - For the performance until 26 July 2024 of contracts concluded before 25 June 2024 or ancillary contracts with regard to manganese ores and concentrates (falling under CN code 2602);
  - For the performance until 26 December 2024 of contracts concluded before 25 June 2024 or ancillary contracts with regard to the goods falling under CN codes 8481 80 and 8708 99.
- **New exemption** – The prohibition on the sale, supply, transfer or export, transit, provision of items listed in Annex XXIII of Regulation 833/2014 and related technical and financial assistance, does not apply to goods for non-military use and for a non-military end-user, intended for health emergencies as defined.
- **New derogations for certain specific items** – NCAs may now authorize the following:
  - The sale, supply, transfer or export of the goods falling under CN codes 3917, 8421, 8471, 8523, 8536 and 8544 or the provision of related technical or financial assistance, after having determined that they are necessary for the purpose of maintenance or repair of medical devices;
  - The sale, supply, transfer or export of the goods falling under CN code 3917 10, or the provision of related technical or financial assistance, provided that such goods are sold, supplied, transferred or exported strictly for the production of food items for human consumption in Russia.

- **Extension of the derogation for goods necessary for personal household use of natural persons** to cover additional goods, such as:
  - Taps, cocks and valves falling under CN code 8481 80 that are designed for plumbing, heating, ventilation or air conditioning systems;
  - Copper tubes, pipes and pipe fittings falling under CN codes 7411 or 7412 that have an internal diameter of up to 50 mm.

#### ***CHP Items (Annex XL of Regulation 833/2014)***

- **Extension of the list of CHP items** to include five additional CN codes concerning computer numerical control machine tools used for weapons production (CN codes 8457 10, 8458 11, 8458 91, 8459 61, et 8466 93)

#### b. Import-Related Restrictions

#### ***Goods which generate significant revenues for Russia (Annex XXI of Regulation 833/2014)***

- **Extension of the list of goods which generate significant revenues for Russia** to include helium falling under CN codes 28042910 and 284540.
  - **New wind-down exemption** for these new items allowing the performance until 26 September 2024 of contracts concluded before 25 June 2024 or ancillary contracts.
- **New derogation for medical purposes** – NCAs may now authorize the import or transfer of goods falling under CN codes 8471, 8523, 8536 and 9027 that were physically located in Russia before the relevant prohibition entered into force in respect of those goods, or the provision of related technical and financial assistance, provided that those goods are components of medical devices and are brought into the EU for the purpose of maintenance, repair or returning of defective components.

#### ***Diamonds (Annex XXXVIII A of Regulation 833/2014)***

- **Postponement of the import ban on jewelry incorporating Russian diamonds that have been processed in a third country** – The import ban on jewelry (Part C of Annex XXXVIII A) that has been processed in a third country, incorporating Russian diamonds does not apply until the Council decides otherwise (instead of 1 September 2024 previously).
- **New exemption for temporary import and export of jewelry incorporating Russian diamonds that have been processed in a third country** – The prohibition to import and provide services related to jewelry (Part C of Annex XXXVIII A) manufactured before 1 September 2024, does not apply if those products were (i) temporarily imported into the EU from any third country or territory other than Russia, or (ii) imported after a temporary exportation to any third country or territory other than Russia, provided that those products were placed under the temporary admission, inward processing, outward processing or temporary export customs procedures when entering or exiting the EU.
- **New exemptions to the import ban on Russian diamonds** – The import ban does not apply to Russian diamonds and jewelry incorporating Russian diamonds (all products listed in Parts A, B and C of Annex XXXVIII A), including those that they have been processed in a third country if those products were:
  - Physically located in the EU before the date of applicability of the import ban and thereafter exported to a third country other than Russia.
  - To benefit from this exemption, importers shall provide evidence (at the moment of the importation into the EU) that the products were physically located in the EU or a certificate, based on a submitted stock declaration from the authorities for the verification of diamonds (listed in Annex XXXVIII B of Regulation 833/2014) (prior to the export from the EU).



Physically located, polished or manufactured in a third country other than Russia before the date of applicability of the import ban.

- To benefit from this exemption, importers shall (at the moment of the import in the EU):
  - For the products falling under CN codes 7102 10 00, 7102 31 00 and 7104 21 00, provide evidence that they had initially been imported into the third country before the date of applicability of the respective prohibition.
  - For products falling under CN codes 7102 39 00 and 7104 91 00, as well as for those listed in Part C of Annex XXXVIII A, provide evidence that they had been finally processed or manufactured in the third country, or had been physically located in a processed or manufactured state in the third country before the date of applicability of the respective prohibition.
- **New exemption to the obligation to submit rough diamonds for verification** – The obligation to submit for verification to the competent authorities rough diamonds falling under CN codes 7102 31 00 and 7102 10 00 is no longer necessary, under the condition (i) that these diamonds had previously undergone the verification procedure and (ii) that is proven by traceability-based evidence, including a corresponding certificate certifying that the diamonds are not mined, processed or produced in Russia.
- **Limitation of the traceability-based certification requirement for import of diamonds** – The use of the traceability-based certification (which shall include a corresponding certificate certifying that the diamonds are not mined, processed or produced in Russia) will only be required for diamonds listed in Part A of Annex XXXVIII A of Regulation 833/2014 starting from 1 March 2025 (instead of 1 September 2024 previously).

#### c. Divestments from Russia

- **Extension of the existing derogation from the prohibition on the sale, supply or transfer of goods subject to export-related restrictions** – The existing derogation from the prohibition on the sale, supply or transfer of goods subject to export-related restrictions, as well as sale, licensing or transfer of IP rights or trade secrets related to controlled goods necessary for the divestment from Russia or the wind-down of business activities in Russia was extended to 31 December 2024 (instead of previously 30 June 2024).
- **Extension of the existing derogation from the prohibition on the export of goods suitable for oil exploration or production purposes** – The existing derogation from the prohibition on export of goods suitable for oil exploration or production purposes (Annex II of Regulation 833/2014) strictly necessary for the divestment from a joint venture incorporated or constituted under the law of a Member State before 24 February 2022, involving a Russian entity and operating a gas pipeline infrastructure between Russia and third countries was extended to 31 December 2024 (instead of previously 30 September 2024).
- **Extension of the existing derogation from the prohibition on the import or transfer of iron and steel products and goods which generate significant revenues for Russia** – The existing derogation from the prohibition on the import or transfer of iron and steel products (Annex XVII of Regulation 833/2014) and goods which generate significant revenues for Russia (Annex XXI of Regulation 833/2014) strictly necessary for the divestment from Russia or the wind-down of business activities in Russia was extended to 31 December 2024 (instead of previously 30 June 2024).

#### d. Ukrainian Cultural Property Goods

- **New prohibition on import and export of Ukrainian cultural property goods** – It is now prohibited to purchase, import, transfer, sell, supply, export or provide certain services related to Ukrainian cultural property goods and other goods of archaeological, historical, cultural, rare scientific or religious importance, where there are reasonable grounds to suspect that the goods have been removed from Ukraine without the consent of their legitimate owner or have been removed in breach of Ukrainian law or international law.
  - **Exemptions** – This prohibition does not apply if:

- The goods were exported from Ukraine prior to 1 March 2014; or
- The goods are being safely returned to their legitimate owners in Ukraine.

#### e. Partner Countries

- **Extension of the list of partner countries:**
  - Liechtenstein and Iceland were added to the list of partner countries (Annex VIII of Regulation 833/2014) that apply a set of export control measures which are substantially equivalent to those set out in Regulation 833/2014.
  - Liechtenstein was added to the list of partner countries (Annex XXXVI of Regulation 833/2014) which apply equivalent restrictive measures on imports of iron and steel from Russia.

### 4. Restricted Services

- **Extension of the existing exemption allowing the provision of restricted services and software to Russian entities owned by EU companies** – The existing exemption applicable to the sale, supply, transfer, export or provision of restricted services or software (Annex XXXIX of Regulation 833/2014) intended for the exclusive use of entities established in Russia that are owned by, or solely or jointly controlled by entities incorporated or constituted under the law of a Member State, a country member of the European Economic Area (“**EEA**”), Switzerland or a partner country (Annex VIII of Regulation 833/2014) is extended to 30 September 2024 (instead of previously 20 June 2024).
- **New exemption for EU employees of Russian subsidiaries** – The prohibition to provide restricted services does not apply to the provision of such services by EU citizens (who are residents of Russia and were so before 24 February 2022) to Russian subsidiaries being their employees, provided that such services are intended for the exclusive use of those entities.
- **Extension of the existing derogation for divestment** – The existing derogation from the prohibition on the provision of restricted services strictly necessary for the divestment from Russia or the wind-down of business activities in Russia was extended to 31 December 2024 (instead of previously 31 July 2024).

### 5. Energy Sector

#### a. Liquefied Natural Gas (“LNG”)

- **New prohibition on export of goods for the completion of LNG projects** – It is now prohibited to sell, supply, transfer, export goods and provide services that are for the completion of LNG projects (e.g., terminals and plants) to any individual or entity in Russia.
  - **Wind-down exemption** for the performance until 26 September 2024 of contracts concluded before 25 June 2024 or ancillary contracts.
- **New prohibition to import LNG from Russia** – It is now prohibited to purchase, import or transfer LNG (falling under CN code 2711 11 00), originating in Russia or exported from Russia, through LNG terminals in the EU that are not connected to the interconnected natural gas system, as well as to provide related services. It is underlined that this prohibition should not affect the supply of Russian-origin LNG from the mainland of a Member State to its outermost regions.
  - **Wind-down exemption** for the performance until 26 July 2024 of contracts concluded before 25 June 2024 or ancillary contracts.
- **Amendment of the prohibition to acquire a participation in entities operating in Russian energy sector** – The prohibition to acquire any new or extend any existing participation in any entity operating in the energy

sector in Russia now expressly covers projects under construction for the production of LNG.

- **New prohibition on the transshipment of Russian LNG through EU ports** – It is now prohibited to provide reloading services in the EU for the purposes of transshipment operations, as defined in Regulation 833/2014, of LNG (falling under CN code 2711 11 00), originating in Russia or exported from Russia, as well as to provide related technical and financial assistance and other services.
  - **Wind-down exemption** for the performance until 26 March 2025 of contracts concluded before 25 June 2024.
- **Exemptions:**
  - The prohibition on the provision of reloading services in the EU for the purposes of transshipment operations of Russian LNG, does not apply to reloading services necessary for the bunkering of LNG fueled vessels.
  - The prohibition on the provision of technical and financial assistance and other services does not apply in the case of a vessel in need of assistance seeking a place of refuge, of an emergency port call for reasons of maritime safety, or for saving life at sea or for the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment, or as a response to natural disasters.
- **Derogation** – NCAs may authorize reloading services for the purposes of transshipment operations of Russian LNG if such reloading is necessary for its transport to a Member State and such Member State has confirmed that the transshipment is used to ensure the energy supply in that Member State.
- **Notification obligation for operators performing unloading operations of LNG originating in Russia or exported from Russia** – These operators are required to inform by 26 July 2024 and every month thereafter their NCA of all unloading operations and imports (including their volumes) into the EU of Russian LNG.
- **Enhanced due diligence requirements** – NCAs may establish rules and guidance to ensure operators' compliance with this new prohibition, which should include enhanced due diligence requirements, taking into account specificities of the national regulatory framework applicable to LNG facilities, previous business practices of shippers, the time between the unloading and reloading, indications of direct commercial connections between the unloading and reloading, and the country of registration of the economic operators involved.

b. Paks II and Sakhalin- 2 projects

### ***Paks II Project***

- **New horizontal exemption specific to the Paks II project** – Activities necessary for the establishment, operation, maintenance, fuel supply and retreatment and safety of civil nuclear capabilities, and the continuation of design, construction and commissioning required for the completion of civil nuclear facilities with regard to the Paks II project are now generally exempted from the prohibitions under Regulation 833/2014. Accordingly, the example of Paks II project was deleted from the exemptions and derogations under Regulation 833/2014 relating to civil nuclear capacities.
- **Notification obligation** – To benefit from this exemption, EU operators must notify such activities within 2 weeks of their start to their NCA.

### ***Sakhalin-2 Project***

- **Extension of the existing exemption of the prohibition to provide transport, technical or financial assistance for Sakhalin-2 project** – The existing exemption for the transport by vessel to Japan, the provision of technical assistance, brokering services, financing or financial assistance related to such transport of crude oil (falling under CN 2709 00) commingled with condensate, originating in the Sakhalin-2 Project, located in Russia was extended to 28 June 2025 (instead of previously 28 June 2024).

- **New derogations for the Sakhalin-2 Project** – NCAs may now authorize the export and transfer of ‘instruments for measuring liquids or gases’ (falling under CN code 9026 00 00 listed in Annex XI) as well as ‘air or vacuum pumps’ and ‘instruments and apparatus for measuring or checking the flow’ (falling under CN codes 8414 90 and 9026, listed in Annex XXIII) that are physically located in the EU as of 25 June 2024 for the purposes of maintenance or repairs, or the provision of related technical assistance, brokering services or other services, insurance or reinsurance, or financing or financial assistance which are strictly necessary for the functioning of the Sakhalin-2 Project to ensure Japan’s energy security.

## 6. Aviation Sector

- **Extension of the prohibition to land in, take off from or overfly the territory of the EU** – This prohibition now also applies to any aircraft (excluding small ones, as defined) used for a non-scheduled flight where a Russian person is in a position to effectively determine the place or time of its take-off or landing.
- **New obligation for aircraft operators to provide information on non-scheduled flights** – Upon request of the NCAs of departure, destination or overflying, operators are now required to provide certain information for non-scheduled flights in advance of landing in, taking off from or overflying the territory of the EU.

## 7. Financial Sector

### a. System for Transfer of Financial Messages (“SPFS”)

- **New prohibition for EU banks outside Russia to directly connect to the SPFS of the Central Bank of Russia (“CBR”)** – As from 25 June 2024, it is prohibited for EU entities operating outside of Russia to directly connect to the SPFS of the CBR or equivalent specialized financial messaging services set up by the CBR.
  - **Exemptions to the prohibition to connect to the SPFS** for the following transactions:
    - Strictly necessary for the direct or indirect purchase, import or transport of natural gas, titanium, aluminum, copper, nickel, palladium and iron ore from or through Russia into the EU, a country member of the EEA, Switzerland, or the Western Balkans;
    - Strictly necessary for the direct or indirect purchase, import or transport of oil, including refined petroleum products, from or through Russia, unless prohibited under Article 3m or 3n;
    - Necessary for the purchase as well as import and transport into the EU of pharmaceutical, medical or agricultural and food products whose purchase as well as import and transport into the EU is allowed under Regulation 833/2014;
    - Necessary for the repayment of a debt due to a national of a Member State or a legal person, entity or body established in the EU;
    - Necessary for the payment of a pension scheme to a person established in the EU; or
    - Necessary for a payment from or to the Jewish Claims conference.
- **New transaction ban on banks using SPFS outside Russia** – It is now prohibited to engage in any transaction with entities established outside Russia as listed in Annex XLIV of Regulation 833/2014.
  - Annex XLIV which is currently empty and should include entities established outside of Russia which use the SPFS or a Russian equivalent and that, by such use, (i) increase Russia’s financial resilience and (ii) support the circumvention of the prohibitions under Regulation 833/2014 and Regulation 269/2024.
  - **Exemptions to the transactions ban** for the following transactions:
    - Necessary for the purchase, export, supply, sale, transfer or transport of pharmaceutical, medical or agricultural and food products, whose purchase, export, supply, sale, transfer or transport is allowed under

Regulation 833/2014 and is necessary for addressing food security in third countries;

- Strictly necessary to ensure access to judicial, administrative or arbitral proceedings in a Member State, as well as for the recognition or enforcement of a judgment or an arbitration award rendered in a Member State, provided that such transactions are consistent with the objectives of Regulation 833/2014;
  - Necessary for humanitarian purposes, such as delivering or facilitating the delivery of assistance, including medical supplies, food, or the transfer of humanitarian workers and related assistance, or for evacuations;
  - Necessary for the repayment of a debt due to a national of a Member State or an entity established in the EU;
  - Dependent on the involvement of an entity listed in Annex XLIV of Regulation 833/2014 to provide correspondent banking services; or
  - Necessary for effecting payment by a national of a Member State or an entity established in the EU under a loan agreement concluded by a Member State.
- **Wind-down exemptions to the prohibition to connect to the SPSF and the transaction ban for:**
    - The performance until 26 September 2024 of contracts concluded with an entity listed in Annex XLIV of Regulation 833/2014 before 24 March 2024 or of an ancillary contract;
    - The reception of payments due by an entity listed in Annex XLIV of Regulation 833/2014 pursuant to contracts performed before 24 March 2024.

b. Non-EU bans & crypto assets providers (Annex XLV of Regulation 833/2014)

- **New transaction ban on non-EU financial institution and crypto assets providers who facilitate transactions that support Russia's defense-industrial base** – It is now prohibited to engage in any transaction with any entity listed in Annex XLV of Regulation 833/2014 (currently empty), as well as entities acting on behalf or at the direction of such entities.
  - **Exemptions** for the transactions that are:
    - Necessary for the export, sale, supply, transfer or transport of pharmaceutical, medical or agricultural and food products, whose export, sale, supply, transfer or transport to Russia is allowed under Regulation 833/2014;
    - Strictly necessary to ensure access to judicial, administrative or arbitral proceedings in a Member State, as well as for the recognition or enforcement of a judgment or an arbitration award rendered in a Member State, provided that such transactions are consistent with the objectives of Regulation 833/2014 and Regulation 269/2014;
    - Necessary for humanitarian purposes, such as delivering or facilitating the delivery of assistance, including medical supplies, food, or the transfer of humanitarian workers and related assistance or for evacuations.

## 8. Transport

a. Shipping sector

### **Access to EU Ports**

- **New derogation** – NCAs may now authorize vessels that have changed their Russian flag to the flag of any other State prior to 16 April 2022, to access a port or a lock, if the vessel: (a) was declared abandoned prior to 24 February 2022; (b) was subject to a forced sale by the NCA prior to 24 February 2022; and (c) was physically located in the territory of a Member State at the time of the forced sale.

### **Vessels Contributing to Russia's Ability to Wage War (Annex XLII of Regulation 833/2014)**

- **New prohibitions in relation to vessels contributing to Russia's ability to wage war** – It is now prohibited to:

- Provide access to ports, anchorage zones and locks in the EU to the vessels listed in Annex XLII of Regulation 833/2014, and for such vessels to access them;
- Import into the EU, purchase or transfer such a vessel;
- Sell, supply, including charter, or export such a vessel;
- Operate or crew such a vessel;
- Provide flag registration for the benefit of such a vessel;
- Provide financing and financial assistance, including insurance, as well as brokering services, including ship brokering;
- Provide technical assistance and other services including bunkering, ship supply services, crew changes services,
- Cargo loading and discharge services, fendering and tug services to the benefit of such a vessel; and
- Engage in ship-to-ship transfers or any other transfer of cargo with, or procure any services from, such a vessel.
  - The vessels may be listed in Annex XLII of Regulation 833/2014 for various reasons, such as the transport of military equipment for Russia, participation in the dark fleet transporting Russian oil while conducting deceptive shipping practices, the transport of stolen Ukrainian grain, support in the development of Russia's energy sector, or the circumvention of EU sanctions against Russia. Annex XLII of Regulation 833/2014 currently includes 27 vessels.
- **Exemption for vessels in need of assistance** – This new prohibition does not apply to vessels in need of assistance, seeking a place of refuge, of an emergency port call for reasons of maritime safety, or for saving life at sea, or for humanitarian purposes, or for the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment, or as a response to natural disasters, or for the recognition or enforcement of a judgment or an arbitration award rendered in a Member State.
- **Derogation for certain vessels** – NCAs of an island Member State may authorize certain listed vessels to access ports and anchorage zones and receive technical assistance and other services provided that (i) these goods are strictly necessary to satisfy basic needs of that Member State; and (ii) the import of such goods is not otherwise prohibited by Regulation 833/2014.

#### b. Road Transport

- **New prohibitions for EU operators owned by Russian persons** – EU operators which are owned for 25% or more by a Russian person are now prohibited from:
  - Being admitted to become a road transport undertaking within the EU (including for in- transit transport);
  - Transporting goods by road within the EU (including in transit) as of 26 July 2024 for road transport undertakings established in the EU after 8 April 2022.
    - **Exemption** – These prohibitions do not apply when the Russian national is also EU citizen or EU permanent resident.
- **New obligation on EU road transport undertakings** to provide information, upon request of their NCA, on their ownership structure.

## 9. IP Rights

- **New restrictions on Russian IP rights** – It is now prohibited for IP offices and other competent institutions constituted under the law of a Member State or the EU to accept:
  - New applications for registration of trademarks, patents, industrial designs, utility models, protected designations of origin, and geographical indications filed by Russian nationals or residents, or by entities established in Russia, including when such applications are jointly filed with one or more non-Russian natural or legal person resident or established outside of Russia;

- Any requests or submission filed by Russian nationals or residents in Russia, or by entities established in Russia during the registration procedures before such IP offices related to any of the IP rights referred above.
  - **Exemption** – This prohibition does not apply to persons who are also nationals of a Member State, of a country member of the EEA or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State, in a country member of the EEA or in Switzerland.

## 10. Foreign Interference

### a. Public Funding

- **Extension of the prohibition on EU and Member States funding to all Russian entities**– It is now prohibited to provide support (including financing) under EU, Euratom or Member States national program to (i) entities established in Russia, (ii) entities whose property rights are owned directly or indirectly for more than 50% by the Russian entities (and not only to publicly owned entities as previously was the case).
- **New exemptions** – This prohibition to provide public financing does not apply to:
  - The functioning of chambers of commerce, business associations, cultural and educational centers, religious institutions and academic exchange programs from Member States in Russia;
  - Civil society activities in Russia that directly promote democracy, human rights, the rule of law or any other purposes, such as independent journalism or fight against disinformation, consistent with the objectives of Regulation 833/2014;
  - Member States’ historical responsibility programs and support of Member States’ ethnic minorities in Russia.

### b. Political Contributions

- **New prohibition on accepting financing from the Russian state or its proxies** – It is now prohibited to accept donations, economic benefits or support, including financing and financial assistance from (i) the Government of Russia, (ii) entities established in Russia that are publicly controlled or with over 50% public ownership, (iii) non-EU entities whose proprietary rights are directly or indirectly owned for more than 50% by the above-mentioned entities; or (iv) entities acting on behalf or at the direction of entities mentioned above.
  - **This prohibition only applies to** (i) European political parties and European political foundations, (ii) political parties and political alliances, (iii) non-governmental organizations (“NGOs”) established or registered in accordance with the law of a Member State, and (iv) media service providers, as defined in Regulation 833/2014.
- **Derogation for NGOs and media service providers** – NCAs may authorize the acceptance of such donations or support, by NGOs and media service providers, provided that such acceptance would not interfere with democratic processes in the EU or undermine its democratic foundations.

## 11. New FAQ on Sanctions Against Russia

833/2014 and 269/2014 on its [dedicated webpage](#), regarding (i) restrictions on diamonds, (ii) state owned enterprises, (iii) provision of services, (iv) reporting on outgoing transfers, (v) import, purchase and transfer of listed goods, (vi) Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts and (vii) media.

**Annex: Summary of New or Extended Exemptions and Derogations Deadlines**

<b>Relevant Restriction or Obligation</b>	<b>New or Extended Exemption / Derogation Deadline</b>
<p>“No Russia Clause”</p> <p><i>Article 12g of Regulation 833/2014</i></p>	<p><u>Existing exemption</u> for the performance of contracts relating to goods listed in Annexes XI, XX, XXXV and XL to Regulation 833/2014 and Annex I to Regulation 258/2012 (except CN codes 8457 10, 8458 11, 8458 91, 8459 61, 8466 93) concluded before 19 December 2023 is extended <b>until 1 January 2025 or their expiry date</b>, whichever is earlier (instead of previously 20 December 2024).</p>
<p>Obligation to contractually prohibit IP rights transfer for the production of CHP items (Annex</p>	<p><u>New exemption</u> for contracts concluded before 25 June 2024 <b>until 26 June 2025 or their expiry date</b>, whichever is earlier.</p>



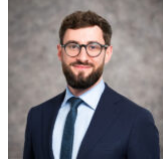
Relevant Restriction or Obligation	New or Extended Exemption / Derogation Deadline
XL of Regulation 833/2014) to <u>Russia</u>  <i>Article 12ga of Regulation 833/2014</i>	
Goods which could contribute to the enhancement of Russian industrial capacities (Annex XXIII of Regulation 833/2014)  <i>Article 3k of Regulation 833/2014</i>	<u>New exemptions</u> for the performance: <ul style="list-style-type: none"> <li>• <b>until 26 September 2024</b> of contracts concluded before 25 June 2024 or ancillary contracts with regard to the goods listed in Annex <u>XXIII C</u>;</li> <li>• <b>until 26 July 2024</b> of contracts concluded before 25 June 2024 or ancillary contracts with regard to manganese ores and concentrates (falling under CN code 2602);</li> <li>• <b>until 26 December 2024</b> of contracts concluded before 25 June 2024 or ancillary contracts <u>with regard to the goods falling under CN codes 8481 80 and 8708 99.</u></li> </ul>
Goods which generate significant revenues for Russia (Annex XXI of Regulation 833/2014)  <i>Article 3i of Regulation 833/2014</i>	<u>New exemption</u> for the performance <b>until 26 September 2024</b> of contracts concluded before 25 June 2024 or ancillary contracts <u>with regard to new items.</u>
“No Claims Clause”  <i>Article 11 of Regulation 833/2014</i>	<u>New derogation until 31 December 2024</u> for the satisfaction of a claim made by a Russian person or entity in connection with any contract or transaction the performance of which has been affected by Regulation 833/2014, <u>provided that it is strictly necessary for the divestment from Russia or the wind-down of business activities in Russia.</u>
Divestment from Russia  <i>Article 12b of Regulation 833/2014</i>	<u>Existing derogation</u> from the prohibition on the sale, supply or transfer of goods subject to export-related restrictions, as well as sale, licensing or transfer of IP rights or trade secrets related to controlled goods necessary for the divestment from Russia or the wind-down of business activities in Russia is extended to <b>31 December 2024</b> (instead of previously 30 June 2024).
	<u>Existing derogation</u> from the prohibition on the export of goods suitable for oil exploration or production purposes (Annex II of Regulation 833/2014) strictly necessary for the divestment from a joint venture incorporated or constituted under the law of a Member State before 24 February 2022, involving a Russian entity and operating a gas pipeline infrastructure between Russia and third countries is extended to <b>31 December 2024</b> (instead of previously 30 September 2024).
	<u>Existing derogation</u> from the prohibition on the import or transfer of iron and steel products (Annex XVII of Regulation 833/2014) and goods which generate significant revenues for Russia (Annex XXI of Regulation 833/2014) strictly necessary for the divestment from Russia or the wind-down of business activities in Russia is extended to <b>31 December 2024</b> (instead of previously 30 June 2024).

Relevant Restriction or Obligation	New or Extended Exemption / Derogation Deadline
	<u>Existing derogation</u> from the prohibition on the provision of restricted services strictly necessary for the divestment from Russia or the wind-down of business activities in Russia is extended to <b>31 December 2024</b> (instead of previously 31 July 2024).
Export of goods for the completion of LNG projects <i>Article 3t of Regulation 833/2014</i>	<u>New exemption</u> for the performance <b>until 26 September 2024</b> of contracts concluded before 25 June 2024 or ancillary contracts.
Import of LNG from Russia <i>Article 3u of Regulation 833/2014</i>	<u>New exemption</u> for the performance <b>until 26 July 2024</b> of contracts concluded before 25 June 2024 or ancillary contracts.
Transshipment of Russian LNG through EU ports <i>Article 3r of Regulation 833/2014</i>	<u>New exemption</u> for the performance <b>until 26 March 2025</b> of contracts concluded before 25 June 2024.
Transport, technical and financial assistance for Sakhalin-2 <u>project</u> <i>Article 3n of Regulation 833/2014</i>	<u>Existing exemption</u> for the transport by vessel to Japan, the technical assistance, brokering services, financing or financial assistance related to such transport, of crude oil (falling under CN 2709 00) commingled with condensate, originating in the Sakhalin-2 Project, located in Russia is extended to <b>28 June 2025</b> (instead of previously 28 June 2024).
Restricted services <i>Article 5n of Regulation 833/2014</i>	<u>Existing exemption</u> applicable to the sale, supply, transfer, export or provision of restricted services or software (Annex XXXIX of Regulation 833/2014) intended for the exclusive use of entities established in Russia that are owned by, or solely or jointly controlled by entities incorporated or constituted under the law of a Member State, a country member of the EEA, Switzerland or a partner country (Annex VIII of Regulation 833/2014) is extended to <b>30 September 2024</b> (instead of previously 20 June 2024).
Transaction ban on banks using SPFS outside Russia (Annex XLIV of Regulation 833/2014) <i>Article 5ac of Regulation 833/2014</i> – Note that Annex XLIV is empty to date	<u>New exemption</u> for the performance <b>until 26 September 2024</b> of contracts concluded with an entity listed in Annex XLIV of Regulation 833/2014 before 24 March 2024 or of ancillary contract. <u>New exemption</u> for the reception of payments due by an entity listed in Annex XLIV of Regulation 833/2014 pursuant to contracts performed <b>before 24 March 2024</b> .
Access to EU ports for Russian-flagged vessels <i>Article 3ea of Regulation 833/2014</i>	<u>New derogation</u> for vessels that have changed their Russian flag to the flag of any other State <b>prior to 16 April 2022</b> , to access a port or a lock, if the vessel: (a) was declared abandoned <b>prior to 24 February 2022</b> ; (b) was subject to a forced sale by the NCA <b>prior to 24 February 2022</b> ; and (c) was physically located in the territory of a Member State <b>at the time of the forced sale</b> .
Ukrainian cultural property goods <i>Article 3v of Regulation 833/2014</i>	<u>New exemption</u> for the import and export of Ukrainian cultural property goods, as well as on the provision of related technical and financial assistance or any other services, if the goods were exported from Ukraine <b>prior to 1 March 2014</b> .

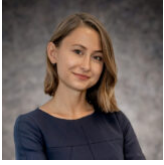
## Related People



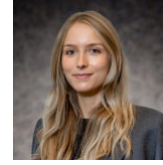
**Jan Dunin-Wasowicz**



**Nicolas Burnichon**



**Anita Maklakova**



**Aurore Maroteau**



**Ilaria Bellini**