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EU Adopts “Maintenance and Alignment” Package of Sanctions Against Russia

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July 25, 2022 – On July 21, 2022, the European Union (“EU”) released a “maintenance and alignment” package of restrictive measures (sanctions) against Russia “in response to Russia’s continuing war of aggression against Ukraine.” The new sanctions are “intended to tighten existing economic sanctions targeting Russia, perfect their implementation and strengthen their effectiveness.” The new measures were imposed through five Council Regulations and four Council Decisions.

1. Individual restrictive measures

New designations

On July 21, 2022, the EU added 48 Russian individuals and nine entities, including Sberbank, to its restricted parties list through Council Implementing Regulation 2022/1270 and for their actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine.

The EU also added six Syrian individuals and one entity to its restricted parties list through Council Implementing Regulation 2022/1274 for their involvement in the recruitment of Syrian mercenaries to fight in Ukraine alongside Russian troops.

In total, as of today, **1212 individuals and 108 entities** have been added to the EU restricted parties list under the Russian program in respect of actions undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine.

The EU finally designated four individuals and one entity pursuant to Council Implementing Regulation 2022/1275, under the Syrian program, for their support, including military support, to the Russian Federation’s unprovoked and unjustified military aggression against Ukraine.

Newly-designated individuals and entities are subject to an asset freeze and a prohibition from making funds and economic resources available to them, as well as, for individuals, a travel ban in the EU as of July 21, 2022.

New and amended derogations

Pursuant to [Council Regulation 2022/1273](#) competent authorities may now authorize the release of certain frozen funds or economic resources, or the making available of certain funds or economic resources, after having determined that these funds or economic resources are:

- necessary for the termination by August 22, 2023, of operations, contracts, or other agreements, including correspondent banking relations, concluded with Sberbank before July 21, 2022;
- necessary for the completion by October 31, 2022, of an ongoing sale and transfer of proprietary rights directly or indirectly owned by Sberbank in an entity established in the Union;
- as far as Bank Rossiya, Promsvyazbank, VEB.RF, Otkritie FC Bank, Novikombank, Sovcombank, VTB Bank and Sberbank are concerned, necessary for the purchase, import or transport of agricultural and food products, including wheat and fertilizers.

The EU also adopted a new derogation providing that the competent authorities may authorize the release of certain economic resources (but not frozen funds) after having determined that they are necessary 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 and provided the proceeds resulting from the release of such economic resources are frozen.

The EU finally extended the derogation relating to the sale and transfer of proprietary rights in an entity established in the Union where those proprietary rights are directly or indirectly owned by an individual or an entity subject to asset freeze measures, provided the proceeds of such sale and transfer remain frozen. While such sale or transfer previously had to take place by October 9, 2022, the new deadline is December 31, 2022, or within six months from the date of listing as subject to asset freeze measures.

Strengthening of the reporting requirements

Reporting requirements were reinforced for targets of asset freeze measures, EU operators and competent authorities, through [Council Regulation 2022/1273](#).

In order to ensure the effective and uniform implementation of Council Regulation 269/2014, and in view of the increasing complexity of sanction evasion schemes, the EU imposed a new obligation on designated individuals and entities with assets within the jurisdiction of a Member State to report these assets (belonging to, owned, held or controlled by them) before September 1, 2022 or within six weeks from the date of their listing, and to cooperate with the competent authority in the verification of this reporting. Failing to do so would constitute a circumvention of the asset freeze measures imposed on them and would be subject to penalties if the conditions for such penalties are met under applicable national rules and procedures.

With a view to preventing the breach and circumvention of the asset freezes, the EU also strengthened the reporting requirements for EU operators. They now must supply immediately any "information held about funds and economic resources within Union territory belonging to, owned, held or controlled by natural or legal persons, entities or bodies listed [as subject to asset freeze measures] and which have not been treated as frozen by the natural and legal persons, entities and bodies obliged to do so" to their competent authority.

Finally, competent authorities of the Member States are now required to process and exchange information with other competent authorities of the Member States and the European Commission. This obligation applies to enforcement authorities and administrators of official registers wherein natural persons, legal persons, entities, and bodies as well as immovable or movable property are registered.

Prohibition to engage with listed Russian state-owned entities

With a view to avoiding any potential negative consequences notably for food and energy security around the world, the EU, through [Council Regulation 2022/1269](#) amending Council Regulation 833/2014, decided to extend the exemptions from the prohibition to engage in transactions with state-owned entities listed in Annex XIX of Council Regulation 833/2014 and certain of their affiliates:

- **Extension of the exemption for winding down joint ventures or similar legal arrangements** - Transactions related to the winding down of arrangements concluded before March 16, 2022, can be carried out until December 31, 2022 (instead of September 5, 2022).
- **Clarification on the exemption for transactions relating to oil**- The exemption now allows for non-prohibited transactions (under article 3m or 3n) to be entered into in relation to the purchase, import or transport of oil, including refined petroleum products, from or through Russia into non-EU countries. The exemption was previously limited to transactions relating to purchases, imports or transports in the Union, a member country of the European Economic Area ("EEA"), Switzerland, or the western Balkans.
- **New exemptions** - The EU also adopted new exemptions authorizing (i) transactions which are necessary for the purchase, import or transport of non-controlled pharmaceutical, medical, agricultural and food products, including wheat and fertilizers; and (ii) transactions strictly necessary to ensure access to judicial, administrative or arbitral proceedings or the recognition or enforcement of a judgment or arbitration award rendered in a Member State, if consistent with the objectives of Council Regulations 833/2014 and 269/2014.

2. Trade sanctions

Continuing its efforts to target Russia's most significant economic sectors, the EU introduced, through [Council Regulation 2022/1269](#) amending Council Regulation 833/2014, a new import ban on Russian gold, extended the list of controlled "advanced technology," brought a number of clarifications to existing measures and added new exemptions and derogations to several prohibitions to export, sell, supply, or transfer certain controlled items.

Gold Sector

- **New import prohibitions targeting gold (including jewelry)** - It is now prohibited to purchase, import, or transfer, and to provide technical assistance, brokering services, other services, financing or financial assistance related to (i) gold products, as listed in Annexes XXVI and XXVII of Council Regulation 833/2014, originating in or exported from Russia after July 22, 2022 and (ii) gold products listed in Annex XXVI of Council Regulation 833/2014, if processed in a third-country incorporating gold products listed in Annex XXVI originating in or exported from Russia after July 22, 2022.
 - **Exemptions** - The new import ban does not apply to (i) gold necessary for certain official purposes and (ii) certain jewelry and goldsmiths' or silversmiths' wares (Annex XXVII) for personal use of individuals and family members travelling to the EU, if they are owned by those individuals and not intended for sales.
 - **Derogation**- The competent authority may authorize the transfer or import of cultural goods which are on loan in the context of formal cultural cooperation with Russia.

Defense Sector

- **Extension of the list of "advanced technology" items** - The list of "advanced technology" in Annex VII of Council Regulation 833/2014 has been substantially expanded to cover *inter alia* riot control and law enforcement items, explosives, steel, oil-related items, machine tools, and chemicals.
- **Amendment to exemptions for export controls on dual-use items and "Advanced Technology" items**- The exemption for items intended for ensuring cyber-security and information security has been replaced by a derogation (*i.e.*, a prior authorization must now be obtained).

- **Export authorization prohibition** - The list of individuals and entities subject to enhanced trade control restrictions for dual-use items and “advanced technology” items has been amended. Four additional entities have been added to Annex IV of Council Regulation 833/2014.

Aviation and Space Sector

- **New exemption for the provision of certain technical assistance** - The prohibition to provide technical assistance related to goods and technology suited for aviation or the space industry listed in Annex XI of Council Regulation 833/2014 does not apply to the exchange of information aimed at establishing technical standards in the framework of the International Civil Aviation Organization.

Luxury Sector

- **New exemption for certain luxury items** - The export prohibition related to luxury items listed in Annex XVIII does not apply to certain jewelry and goldsmiths’ or silversmiths’ wares (Combined Nomenclature (“CN”) codes 7113 00 00 and 7114 00 00) for personal use of individuals and family members travelling from the EU, if they are owned by those individuals and not intended for sales.

Energy Sector

- **Amendment to the list of goods and technology suited for use in oil refining and liquefaction of natural gas (Annex X of Council Regulation 833/2014)** - The reference to CN code 8419 89 10 is now the subject of a separate product description (cooling towers and similar plant for direct cooling (without a separating wall) by means of recirculated water, designed to be used with the technology listed in Annex X of Council Regulation 833/2014). References in other product descriptions to CN code 8419 89 10 have been removed.

Items that could contribute to the enhancement of Russian industrial capacities

- **Amendment to the list of goods which could contribute in particular to the enhancement of Russian industrial capacities(Annex XXIII of Council Regulation 833/2014)**- Certain covered CN codes have been amended (3920 20 became 3920 10, 4412 34 became 4412 33 and 8482 40 became 8482 20) or refined (8424 89 became 8424 89 40 and 8424 90 became 8424 90 20), while the reference to CN code 8208 40 (“knives and cutting blades, for machines or for mechanical appliances – for agricultural, horticultural or forestry machines”) has been removed. In addition, the product definition for CN 9612 20 has been amended.
- **New derogations** - In addition to humanitarian purposes, derogations to the prohibitions targeting items listed in Annex XXIII now include (i) items intended for medical or pharmaceutical purposes (except for military end-uses), as well as (ii) items intended for the exclusive use and under the full control of the authorizing Member State and in order to fulfil its maintenance obligations in areas which are under a long-term lease agreement between that Member State and the Russian Federation.

3. Financial sanctions

Restrictions on deposits

- **Extension of the prohibitions on deposits above EUR 100 000** - Credit institutions are now prohibited to accept such deposits from non-EU entities that are more than 50% owned by Russian nationals or natural persons residing in Russia.
- **Deletion of an exemption, replaced by a derogation** - Deposits for non-prohibited cross-border trade no longer benefit from an automatic exemption. They must now be authorized by the relevant competent authority.

Services provided by Union central securities depositories

- **Extension of existing exemption** - In addition to EU nationals and residents, the prohibitions on services provided by Union central securities depositories do not apply to EEA and Swiss citizens or residents.

4. **Sanctions targeting the Maritime Sector**

- **Extension of prohibition targeting Russian vessels** - In addition to access to EU ports, Russian vessels are now prohibited from access to locks in the EU after July 29, 2022.
- **New derogation for vessels re-flagged or re-registered after April 16, 2022** - Competent authorities can authorize access to EU ports or locks to vessels having changed their Russian flag or registration after April 16, 2022, if the Russian flag or registration was required by contract and the access is necessary for the unloading of non-prohibited goods strictly necessary for the completion of renewable energy projects in the EU.

5. **Other sanctions**

Public procurement

- **Clarification of the scope of public or concession contracts covered**- Contracts falling within the scope of Title VII of Regulation (EU, Euratom) 2018/1046 are now covered. In addition, prohibitions are extended to cover the award or performance of public or concession contracts to or with Russian residents.

Trusts

- **Extension of existing exemption**- Prohibitions affecting trusts or similar legal arrangements do not apply when the trustor or beneficiary is an EEA or Swiss resident (but not national), in addition to EU residents and nationals (who were previously exempted). EEA and Swiss nationals are not covered by the exemption, unlike EU nationals.

Consulting services

- **Extension of existing exemption** - The prohibition to provide accounting, auditing (including statutory audit), bookkeeping or tax consulting services, business and management consulting or public relations services to (i) the Government of Russia and (ii) legal persons, entities or bodies established in Russia does not apply to services for the exclusive use of Russian entities that are owned or controlled by EEA or Swiss entities, in addition to EU entities.

6. **EU FAQs**

Since June 13, the European Commission issued a [consolidated version](#) of its FAQs, last updated on July 13 2022, on the implementation of Council Regulation 833/2014 and 269/2014 on its dedicated [webpage](#).

The EU Commission also issued additional [guidance on the transit of goods](#) from Russia on July 13, 2022, and a factsheet named "[agrifood trade and EU sanctions](#)" on July 19, 2022.

The list of [national competent authorities for the implementation of EU restrictive measures](#) was also updated on July 4, 2022.

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