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EU Adopts 12th Package of Sanctions Against Russia for its Continued Illegal War Against Ukraine

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Hughes Hubbard & Reed LLP • A New York Limited Liability Partnership
One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

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December 20, 2023 – On December 18, 2023, the European Union (“EU”) adopted a twelfth package of restrictive measures (sanctions) against Russia to “*further weaken Russia’s war machine*” and make it “*more difficult to circumvent EU sanctions*.” The new EU measures were implemented through two Council Decisions and three Council Regulations.

1. Individual restrictive measures

New designations

On December 18, 2023, the EU added 61 individuals and 86 entities to its restricted parties list through Council Implementing Regulation 2023/2875. The newly-listed entities include Russian IT companies, educational and propagandist organizations, private military entities, companies active in the military and aviation sectors, telecommunication companies and TV channels, as well as Rosfinmonitoring.

Two Russian companies (LLC AK Microtech and LLC Mayak), which imported controlled goods into Russia, are designated for significantly frustrating EU sanctions, along with the General Director of LLC AK Microtech. One French national, the CEO of two Finnish logistic companies involved in the export to Russia of controlled goods, is designated for facilitating infringements of the prohibition against circumvention of EU sanctions.

In total, as of today, 1950 individuals and entities have been placed on the EU restricted parties list under the Russian program in respect of actions undermining or threatening the territorial integrity, sovereignty, and independence of 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 the date on which they were added to the EU’s restricted parties list.

New designation criterion

Pursuant to Council Regulation 2023/2873, the EU broadened the listing criteria that can be used to add individuals and entities to its restricted parties list to target individuals and entities responsible for the forced take-over of EU companies established in Russia, and those benefiting from it.

Accordingly, the EU can now designate

- Entities established in Russia, which were previously owned or controlled by EU entities, but ownership or control of which has been compulsorily transferred by the Russian government through laws, regulations, other legislative instruments or other action of a Russian authority; and
- Individuals and entities that have benefitted from such transfer; and
- Individuals who have been appointed to the governing bodies of such entities in Russia, without consent of the EU entities which previously owned or controlled them.

Deceased persons

Council Regulation 2023/2873 added that the Council may retain the names of designated deceased persons on the EU's restricted parties list after they die if delisting would pose a risk of undermining EU sanctions objectives because of a "likelihood that the assets concerned would otherwise be used to finance Russia's war of aggression against Ukraine or other actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine."

Amended exemption

Council Regulation 2023/2873 amended the existing exemption applicable to funds and economic resources "needed for the provision of pilot services which are necessary for reasons of maritime safety", which previously required vessels to be "in innocent passage as defined by international law."

Amended and new derogations

Pursuant to Council Regulation 2023/2873, the EU extended two existing derogations:

- For transactions for the disbursement of funds by the Jewish Claims Conference through Alfa-Bank JSC to beneficiaries in Russia, which has been extended until December 31, 2024 (instead of previously November 26, 2023), irrespective of when the operations, contracts or other agreements were concluded;
- For transactions necessary for the purchase, import or transport of agricultural and food products, including wheat and fertilizers, which has been extended to newly designated AlfaStrakhovanie Group.

In addition, the relevant enforcement authorities of the competent Member States ("**NCA**s") may now authorize the release of certain frozen funds or economic resources, or the making available of certain funds or economic resources:

- Where a judicial or administrative authority of a Member State has adopted a decision to deprive in the public interest a designated individual or entity of funds or economic resources belonging to, owned by or controlled by such individual or entity, provided that compensation paid for such deprivation of funds or economic resources is frozen;
- For the sale or use of shares in, or assets of, individuals and entities established in Russia designated pursuant to the new designation criterion, in order to enable the payment of the consideration agreed by the parties or for the compensation decided by a judicial or administrative authority or established by law in the context of the compulsory transfer of ownership or control by the Russian Government. Note that this exemption does not apply to frozen funds or economic resources held by central securities depositories;
- For payments due by newly designated AlfaStrakhovanie Group, to be made to entities established in or nationals/residents of the EU, the European Economic Area, Switzerland or a partner country listed in Annex VIII of Regulation 833/2014, if such payment constitutes the indemnity or benefit provided further to the materialization of a risk and such payment does not involve the making available of funds and economic resources to AlfaStrakhovanie Group;
- For the sale and transfer by June 30, 2024, of proprietary rights directly or indirectly owned by Mikhail Maratovich Fridman, Gennady Nikolayevich Timchenko, German Borisovich Khan, Alexey Viktorovich Kuzmichev, Igor Albertovich Kesaev, Boris Romanovich Rotenberg, OAO VO Technopromexport (OAO VO TPE), and OOO VO Technopromexport (OOO VO TPE) in entities established in the EU, provided the proceeds of such sale and transfer are frozen;
- For the termination by June 20, 2024, of contracts concluded with JSC Alabuga before December 19, 2023.

New obligation for NCAs regarding asset tracing

Pursuant to Council Regulation 2023/2873, NCAs must designate by October 31, 2024, the competent authority at national level to identify and trace funds and economic resources belonging to, or owned, held, or controlled by designated individuals and entities located in their jurisdiction, to prevent and detect attempts or instances of sanctions violations or circumvention.

2. Export-related restrictions

Goods which are suitable for oil exploration or production purposes (Annex II of Regulation 833/2014)

- **Amendment to the existing exemption for the provision of insurance or reinsurance** related to the goods and technology listed in Annex II of Regulation 833/2014 to any entity incorporated or constituted under the law of a Member State with regard to its activities outside the energy sector in Russia which will now apply until June 20, 2024 (instead of previously without any deadline).
 - After June 20, 2024, the exemption will be replaced by a derogation, and authorizations will have to be requested to the NCAs.
- **Extension of the derogation for divestment from joint ventures involving Russian entities** – The derogation allowing NCAs to authorize the sale, supply or transfer of goods and technology listed in Annex II of Regulation

833/2014 necessary for the divestment from a joint venture incorporated or constituted under the law of a Member State before February 24, 2022, involving a Russian entity, and operating a gas pipeline infrastructure between Russia and third countries, is extended to September 30, 2024 (instead of previously March 31, 2024).

Luxury goods (Annex XVIII of Regulation 833/2014)

- **Amendment to the prohibition to sell, supply, transfer or export luxury goods listed in Annex XVIII of Regulation 833/2014** to any person in Russia or for use in Russia, to expressly state that such prohibition applies whether the goods are originating in the EU or not.

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

- **Extension of the list of goods which could contribute in particular to the enhancement of Russian industrial capacities listed in Annex XXIII of Regulation 833/2014** to cover in particular chemicals, machinery and parts, construction goods, processed steel, copper, aluminium goods, lasers, and batteries.
- **Amendment to the prohibition to sell, supply, transfer or export goods and technology listed in Annex XXIII of Regulation 833/2014** to any person in Russia or for use in Russia, to expressly state that such prohibition applies whether the goods are originating in the EU or not.
- **New wind-down exemptions for specific goods listed in Annex XXIII** as follows:
 - For the execution until March 20, 2024, of contracts concluded before December 19, 2023, and ancillary contracts, with regard to goods listed in the new Annex XXIII A;
 - For the execution until June 20, 2024, of contracts concluded before December 19, 2023, and ancillary contracts, with regard to goods listed in the new Annex XXIII B.
- **New prohibition on transit via the territory of Russia of the goods and technology listed in the new Annex XXXVII of Regulation 833/2014** exported from the EU. The new Annex XXXVII includes 14 items falling under CN codes starting with 84, 85 and 87.
 - **New derogation** – NCAs may now authorize the transit via the territory of Russia of goods and technology listed in Annex XXXVII exported from the EU, provided such goods or technology are intended for:
 - Medical or pharmaceutical purposes, or 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;
 - 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;
 - 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, such as the Paks II project, the supply of precursor material for the production of medical radioisotopes and similar medical applications, or critical technology for environmental radiation monitoring, as well as for civil nuclear cooperation, in particular in the field of research and development; or
 - The production of titanium goods required in the aeronautic industry, for which no alternative supply is available.

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 29 entities (Annex IV of Regulation 833/2014). Some of the newly designated entities belong to third countries involved in the circumvention of EU sanctions against Russia (Singapore and Uzbekistan).
- **The list of advanced technology items in Annex VII of Regulation 833/2014** was extended to include (i) chemicals, (ii) lithium batteries, (iii) thermostats, (iv) DC motors and servomotors for unmanned aerial vehicles, and (v) machine tools and machinery parts.

Wind-down derogation for export-related restrictions

- **Extension of the existing wind-down derogation** – The existing derogation allowing NCAs to authorize under certain conditions the sale, supply or transfer of controlled goods listed in Annexes II (goods which are suitable for oil exploration or production purposes), VII (advanced technology items), X (goods and technology suited for use in oil refining and liquefaction of natural gas), XI (goods and technology suited for use in aviation or the space industry), XVI (maritime navigation goods and technology), XVIII (luxury goods), XX (jet fuel and fuel additives) and XXIII (goods which could contribute in particular to the enhancement of Russian industrial capacities) of Regulation 833/2014 and in Annex I of Regulation 2021/821 (dual-use items) necessary for divestment from Russia or the wind-down of business activities in Russia is extended until June 30, 2024 (instead of previously December 31, 2023).

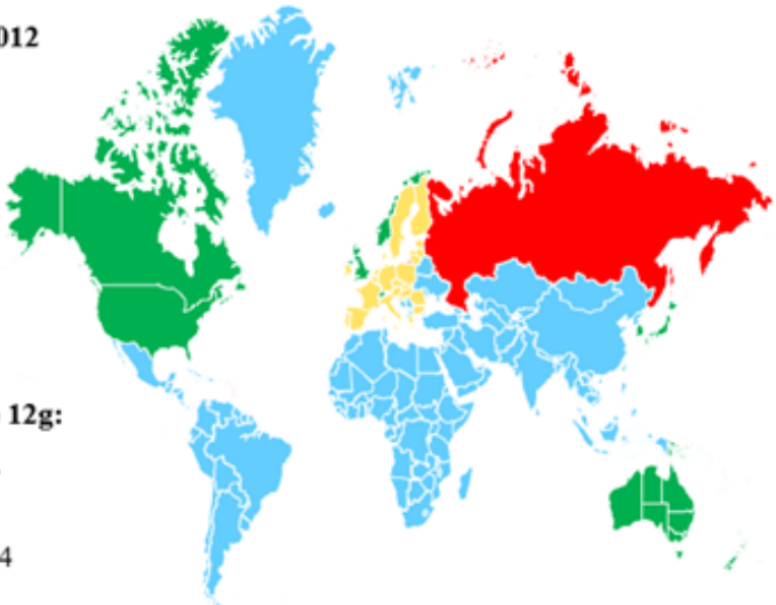
No Russia clause mechanism

- **New obligation to contractually prohibit the re-export of sensitive goods to Russia** – Exporters will be required to contractually prohibit the re-exportation to Russia and re-exportation for use in Russia when selling, supplying, transferring or exporting to a third country (except partner countries listed in Annex VIII of Regulation 833/2014), (i) goods or technology listed in Annexes XI (aviation and space items), XX (jet fuel and additives) and XXXV (firearms and other arms) of Regulation 833/2014, (ii) common high priority items listed in new Annex XL to Regulation 833/2014, or (iii) firearms and ammunition as listed in Annex I of Regulation 258/2012.
 - The clause must contain adequate remedies in the event of the breach of the above-mentioned contractual obligation. In the event of breach, exporters will be required to notify the NCAs as soon as they become aware of the breach.
 - The new obligation will be mandatory as of March 20, 2024, for all contracts concluded after December 19, 2023. Contracts concluded before December 19, 2023, are exempted until December 20, 2024, or their expiry date (whichever is earlier).

A. Annex VIII Regulation (EU) No 833/2012

• The United States of America	• Australia
• Japan	• Canada
• United Kingdom	• New Zealand
• South Korea	• Norway
	• Switzerland

EU ■ Partner countries ■
 Russia ■ Rest of the world ■



B. Links to Annexes referred to in article 12g:

- Annex XI Regulation (EU) No 833/2014
(Aircraft, spacecraft, and parts thereof)
- Annex XX Regulation (EU) No 833/2014
(Jet fuel and fuel additives)
- Annex XXXV Regulation (EU) No 833/2014
(Firearms and similar devices which operate by the firing of an explosive charge)
- Annex XL Regulation (EU) No 2878/2023
(High priority list, in particular electronic integrated circuits, electrical apparatus and semiconductors)
- Annex I Regulation (EU) No 258/2012
(Firearms, their parts and essential components and ammunition)

List as date of the present alert – may be subject to change

3. Import-related restrictions

Diamonds (Annex XXXVIII A of Regulation 833/2014)

- **New prohibition on the import of Russian diamonds** – New prohibitions are introduced in relation to the following.
 - As of January 1, 2024, it will be prohibited to purchase, import, or transfer diamonds and products incorporating diamonds listed in Parts A, B, and C of Annex XXXVIII A if they (i) originate in Russia, (ii) have been exported from Russia into the EU or any third country, or (iii) transited via Russia regardless of their origin.
 - As of March 1, 2024, it will be prohibited to purchase, import, or transfer products listed in Part A of Annex XXXVIII A (unsorted and non-industrial diamonds), when processed in a third country, consisting of diamonds originating in Russia or exported from Russia with a weight equal to or above 1.0 carats per diamond.
 - As of September 1, 2024, it will be prohibited to purchase, import or transfer products listed in Parts A, B and C of Annex XXXVIII A, when processed in a third country, consisting of or incorporating diamonds originating in Russia or exported from Russia with a weight equal to or above 0.5 carats or 0.1 grams per diamond.
- **New prohibition on the provision of services and financing related to the Russian diamonds ban** – It is now prohibited to:
 - Provide technical assistance, brokering services or other services in relation to the goods listed in Annex XXXVIII A of Regulation 833/2014, and to the provision, manufacture, maintenance and use of those goods in relation to the import ban.
 - Provide financing or financial assistance related to the goods listed in Annex XXXVIII A of Regulation 833/2014 for any purchase, import or transfer of those goods, or for the provision of related technical assistance, brokering services or other services in relation to the import ban.

- **New exemption for personal use** – The import ban does not apply to goods listed in Part C of Annex XXXVIII A of Regulation 833/2014 for the personal use of natural persons travelling to the EU or of their immediate family members travelling with them, owned by those individuals and not intended for sale.
- **New derogation for cultural goods** – NCAs may authorise the transfer or import of cultural goods which are on loan in the context of formal cultural cooperation with Russia.
- **New verification process** – Regarding the ban on Russian diamonds processed in third countries, goods falling under CN codes 7102 31 00 and 7102 10 00 imported into the EU must be submitted for verification without delay, together with documentation certifying their origin, to the authority specified in Annex XXXVIII B, the Federal Public Service Economy at the Diamond Office in Belgium.
 - The relevant Member State must ensure their submission to the Federal Public Service Economy at the Diamond Office in Belgium.
 - The verifications must be conducted in accordance with Council Regulation 2368/2002 (Kimberley Process certification scheme).
 - For the purpose of verifications, transit may be granted in which case verifications must be suspended until the arrival of the goods at the Federal Public Service Economy at the Diamond Office in Belgium. The importer will be responsible for the proper movement of the goods and the costs of such movement.
- **New evidence process** – Regarding the ban on Russian diamonds processed in third countries, importers must, at the moment of importation, provide evidence of the country of origin of the diamonds or products incorporating diamonds used as inputs for the processing of the product in a third country.
 - As of September 1, 2024, the traceability-based evidence will include a corresponding certificate certifying that the diamonds are not mined, processed or produced in Russia.

Iron and steel (Annex XVII of Regulation 833/2014)

- **Modification of the date of entry into force of the prohibition to import or purchase iron and steel products listed in Annex XVII** processed in a third country incorporating steel products originating in Russia falling under CN codes 7207 12 10 and 7224 90 as of October 1, 2028 (instead of previously October 1, 2024).
- **New exemption from evidence requirements for certain partner countries** – Importers are now exempted from the obligation to provide evidence of the country of origin of the iron and steel inputs used for the processing of the product in a third country provided the product is imported from a partner country for importation of iron and steel listed in new Annex XXXVI of Regulation 833/2014.
 - Annex XXXVI of Regulation 833/2014 currently includes Switzerland and Norway.
- **New exemptions for products falling under CN 7207 12 10** – The iron and steel products ban does not apply to the import, purchase, transport or related technical or financial assistance of the following quantities of goods falling under CN code 7207 12 10:
 - 3 185 719 metric tons between October 1, 2024, and September 30, 2025;
 - 2 998 324 metric tons between October 1, 2025, and September 30, 2026;
 - 2 623 534 metric tons between October 1, 2026, and September 30, 2027;
 - 2 061 348 metric tons between October 1, 2027, and September 30, 2028.
- **New exemptions for products falling under CN 7224 90** – The iron and steel products ban does not apply to the import, purchase, transport, or related technical or financial assistance, of the following quantities of goods falling under CN code 7224 90:
 - 124 956 metric tons between October 1, 2024, and September 30, 2025;
 - 117 606 metric tons between October 1, 2025, and September 30, 2026;
 - 102 905 metric tons between October 1, 2026, and September 30, 2027;
 - 80 854 metric tons between October 1, 2027, and September 30, 2028.
- **Extension of the derogation for divestment from Russia** – The existing derogation allowing NCAs to authorise under certain conditions the import of iron and steel products listed in Annex XVII of Regulation 833/2014 necessary for the divestment from Russia or the wind-down of business activities in Russia was extended to June 30, 2024 (instead of previously September 30, 2023).

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 in Annex XXI of Regulation 833/2014** to cover (i) pig iron and spiegeleisen, (ii) copper wire, (iii) aluminium wire, (iv) foil, (v) tubes, (vi) pipes, and (vii) liquefied propane (LPG).
- **New derogations for certain personal use items** – NCAs may now authorize the following:
 - The import of goods listed in Annex XXI intended for the strictly personal use of natural persons travelling to the EU or of their immediate family members, limited to personal effects owned by those individuals and which are manifestly not intended for sale;
 - The entry into the EU of vehicles falling under CN code 8703 not intended for sale and owned by a citizen of a Member State or an immediate family member who is resident in Russia and is driving the vehicle into the EU for strictly personal use.
- **New exemption for certain personal use items** – The prohibition on the purchase, import, or transfer of goods listed in Annex XXI does not apply to the entry into the EU of motor vehicles falling under CN code 8703 provided that they have a diplomatic vehicle registration plate and are necessary for the functioning of diplomatic and consular representations, including delegations, embassies and missions, or of international organizations enjoying

immunities in accordance with international law, or for the personal use of their staff and their immediate family members.

- **New exemption for the registration of vehicles** – The prohibition on the purchase, import, or transfer of goods listed in Annex XXI does not prevent vehicles already in the territory of the EU on December 19, 2023, from being registered in a Member State.
- **New wind-down exemptions for certain specific goods listed in Annex XXI** as follows:
 - For the performance until March 20, 2024, of contracts concluded before December 19, 2023, and ancillary contracts, with regard to goods falling under CN codes 7205, 7408, 7604, 7605, 7607 and 7608;
 - For the performance until December 20, 2024, of contracts concluded before December 19, 2023, and ancillary contracts, with regard to the goods falling under CN codes 2711 12 (LPG), 2711 13, 2711 14, 2711 19 and 7202.
- **New exemptions for specified quantities of certain specific goods listed in Annex XXI** as follows:
 - With regard to the goods falling under CN code 7201, (i) 1 140 000 metric tons between December 19, 2023, and December 31, 2024; and (ii) 700 000 metric tons between January 1, 2025, and December 31, 2025;
 - With regard to the goods falling under CN code 7203, (i) 1 140 836 metric tons between December 19, 2023, and December 31, 2024; and (ii) 651 906 metric tons between January 1, 2025, and December 31, 2025.
- **Extension of the derogation for divestment from Russia** – The existing derogation allowing NCAs to authorise under certain conditions the import of goods which generate significant revenues for Russia listed in Annex XXI of Regulation 833/2014 necessary for divestment from Russia or the wind-down of business activities in Russia was extended to June 30, 2024 (instead of previously September 30, 2023).

Crude oil and petroleum products (Annex XXV of Regulation 833/2014)

- **Extension of the temporary derogation applicable to Croatia** – NCAs of Croatia may now authorize the purchase, import or transfer of vacuum gas oil falling under CN code 2710 19 71 originating in Russia or exported from Russia provided certain conditions are fulfilled until December 31, 2024 (instead of previously December 31, 2023).
- **Extension of the temporary exemption applicable to Czechia** – The prohibition on the transfer and import into Czechia and on the sale to purchasers in Czechia of petroleum products (CN 2710) obtained from Russian crude oil which has been delivered by pipeline into another Member State applies now as from December 5, 2024 (instead of previously December 5, 2023).
- **New information to be collected by service providers to demonstrate compliance with the oil price cap** – For Russian crude oil or petroleum products listed in Annex XXV loaded as of February 20, 2024, service providers with no access to the purchase price per barrel of such products will be required to collect itemized price information for ancillary costs provided by operators further up the supply chain of Russian crude oil or petroleum product trade.
 - Such itemized price information shall be provided to counterparties and competent authorities upon their request for verifying compliance with the price cap.
- **New information sharing mechanism** – To facilitate the implementation and enforcement of the import ban (Article 3m of Regulation 833/2014) and price cap mechanism (Article 3n of Regulation 833/2014), the Commission and Member States will periodically share information with each other in order to identify vessels and entities of concern carrying out deceptive practices (e.g., AIS manipulation, concealment of the origin or destination of the cargo) while transporting Russian crude oil and petroleum products.
- **New prohibition to sell oil tankers** – It is now prohibited for any EU national, resident or entity to sell or otherwise transfer ownership of tankers falling under HS code ex 8901 20 for the transport of crude oil or petroleum products listed in Annex XXV to Regulation 833/2014, whether or not these tankers originate in the EU, to any person in Russia or for use in Russia.
 - **Derogation** – NCAs may authorize the sale or transfer of ownership of such tankers under the conditions they deem appropriate. No authorization can be granted if NCAs have reasonable grounds to believe that the tanker would be used to circumvent the import ban on Russian origin crude oil (Article 3m of Regulation 833/2014) or the price cap (Article 3n of Regulation 833/2014).
 - **Notification obligations** – EU nationals, residents or entities EU must immediately notify to the NCA of the owner any sale or other arrangement entailing a transfer of ownership to any third country of tankers falling under HS code ex 8901 20 for the transport of crude oil or petroleum products listed in Annex XXV. Any sale or other transfer of ownership of tankers after December 5, 2022, and prior to December 19, 2023 must be notified to the competent authorities before February 20, 2024.
 - The notification to the NCA shall contain at least (i) the identities of the seller and the purchaser, and where applicable the incorporation documents of the seller and the purchaser including (ii) the shareholding and management; (iii) the IMO ship identification number of the tanker; and (iv) the Call Sign of the tanker.
- **Extension of the exemption for the Sakhalin-2 project (Annex XXIX of Regulation 833/2014)**
 - The EU extended the exemption applicable to the transport by vessel of crude oil originating in the Sakhalin-2 project until June 28, 2024 (instead of previously March 31, 2024).

4. Financial restrictions

- **New notification requirement for the exemptions applicable to financing and refinancing prohibitions** – The existing exemptions under Articles 5 and 5a of Regulation 833/2014 now require that NCAs be notified within three

months of the date of the loan, credit, drawdown, or disbursement as a condition for their use.

- **New reporting obligations for transfers of funds out of the EU by certain Russian-owned entities** – Entities established in the EU which are owned, directly or indirectly, for more than 40% by an entity established in Russia, a Russian national or a Russian resident will be required, as of May 1, 2024, to report to NCAs within two weeks of the end of each quarter any transfer of funds exceeding 100 000 euros out of the EU, that they made during that quarter in one or several operations.
 - The same reporting obligation applies to EU credit and financial institutions which will be required to report, as of July 1, 2024, to NCAs within two weeks of the end of each half-year, information on all transfers of funds out of the EU exceeding 100 000 euros that they initiated for the EU persons with Russian ownership mentioned above.

5. State-owned entities (Annex XIX of Regulation 833/2014)

- **Extension of the exemption for wind-down transactions** – The existing exemption allowing transactions including sales necessary for the wind-down of a joint venture or similar legal arrangement concluded before March 16, 2022, involving an entity subject to the transaction ban is extended to December 31, 2024 (instead of previously December 31, 2023).
- **Extension of the derogation for divestment transactions** – The existing derogation allowing NCAs to authorize transactions which are strictly necessary for divestment and withdrawal by entities subject to the transaction ban or their EU subsidiaries from EU entities is extended to December 31, 2024 (instead of previously December 31, 2023).

6. Energy sector

- **Amendment to the definition of “energy sector”** – The definition of the term “energy sector” has been amended to expressly exclude from its scope the Paks II project, which is given as an example of “civil nuclear related activities,” not covered by this definition.
 - Accordingly, the exemptions and derogations in Regulation 833/2014 concerning civil nuclear capabilities have been amended to reflect this change, and cover the Paks II project.
 - **New derogation** – NCAs may now authorize the granting or the participation in any arrangement to grant any new loan or credit or otherwise provide financing, including equity capital, to any entity incorporated or constituted under the law of Russia or any other third country and operating in the energy sector in Russia, or for the documented purpose of financing such entity, necessary to ensure the operation of a deep-water offshore gas project in the Mediterranean Sea in which a legal person, entity or body listed in Annex XIX of Regulation 833/2014 was a minority shareholder before October 31, 2017, and remains so, provided that the project is solely or jointly controlled or operated by a legal person incorporated or constituted under the law of a Member State.

7. Restricted services

- **Modification of the prohibition to provide market research, public opinion polling, technical testing and analysis, and advertising services**, which now expressly covers both direct and indirect provision of these services.
- **New prohibition on the sale of certain software** – It is now prohibited to sell, supply, transfer, export, or provide software for the management of enterprises and software for industrial design and manufacture as listed in new Annex XXXIX of Regulation 833/2014 to the government of Russia or any entity established in Russia.
 - **Software covered** – The software covered in Annex XXXIX of Regulation 833/2014 are:
 - Software for the management of enterprises (systems that digitally represent and steer all processes happening in an enterprise): enterprise resource planning (ERP), customer relationship management (CRM), business intelligence (BI), supply chain management (SCM), enterprise data warehouse (EDW), computerized maintenance management system (CMMS), project management software, product lifecycle management (PLM), typical components of the above-mentioned suites, including software for accounting, fleet management, logistics and human resources;
 - Design and manufacturing software used in the areas of architecture, engineering, construction, manufacturing, media, education and entertainment: building information modelling (BIM), computer aided design (CAD), computer-aided manufacturing (CAM), engineer to order (ETO), typical components of above-mentioned suites.
- **New exemption** – The above-mentioned prohibition does not apply to the sale, supply, transfer, export or provision of software necessary for the termination by March 20, 2024 of contracts concluded before December 19, 2023, or ancillary contracts, which are not compliant with the new ban.
- **Existing exemption** – The existing exemption allowing the provision of restricted services necessary for public health emergencies, as well as a response to natural disasters is extended to the sale and provision of controlled software for the management of enterprises and software for industrial design and manufacture.
- **New derogation** – NCAs may authorize the supply and the provision of controlled software for the management of enterprises and software for industrial design and manufacture necessary for the contribution of Russian nationals to international open-source projects.
- **Existing derogation** – The existing derogation allowing NCAs to authorize the provision of restricted services necessary for (i) humanitarian purposes, (ii) civil society activities, (iii) the functioning of diplomatic and consular representations, (iv) ensuring critical energy supply, (v) ensuring the continuous operation of infrastructures, hardware and software, (vi) the establishment, operation, maintenance, fuel supply and retreatment and safety of civil nuclear capabilities, and (vii) the provision of electronic communication services by Union telecommunication

operators, is extended to the sale and provision of controlled software for the management of enterprises and software for industrial design and manufacture.

- **New prohibition on the provision of services and financing related to the goods and services controlled under Article 5n of Regulation 833/2014** – It is now prohibited to:
 - Provide technical assistance, brokering services or other services related to the goods and services controlled under Article 5n for their provision to the Government of Russia or entities established in Russia;
 - Provide financing or financial assistance related to the goods and services controlled under Article 5n for their provision, or for the provision of related technical assistance, brokering services or other services to the Government of Russia or entities established in Russia.
- **Modification of the exemption related to the provision of restricted services to Russian entities owned by EU companies** – The existing exemption applicable to the provision of services intended for the exclusive use of entities established in Russia that are owned by, or solely or jointly controlled by, entities incorporated or constituted in the EU, the EEA, Switzerland or a partner country listed in Annex VIII of Regulation 833/2014 now applies:
 - To the sale, supply, transfer, export, or provision of software for the management of enterprises and software for industrial design and manufacture as listed in Annex XXXIX of Regulation 833/2014 to the government of Russia or any entity established in Russia;
 - For all goods and services controlled under Article 5n, until June 20, 2024 (instead of previously indefinitely). After this date, an authorization may be requested from the NCAs.
- **Deletion of the exemption for restricted services necessary for software updates in relation to advanced technology items.**
- **Extension of the derogation for divestment from Russia** – The existing derogation allowing NCAs to authorize under certain conditions the provision of restricted goods and services under Article 5n of Regulation 833/2014 necessary for divestment from Russia or the wind-down of business activities in Russia was extended to July 31, 2024 (instead of previously March 31, 2024).

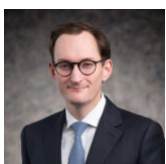
8. Other measures and amendments

- **New ban on Russians from owning and controlling EU crypto-assets companies** – It is now prohibited, as from January 18, 2024, to allow Russian nationals or residents to directly or indirectly own or control, or to hold any posts in the governing bodies of any EU entity providing crypto-asset wallet, account or custody services.
 - An exemption is provided for nationals and residents of the EU, a country member of the EEA and Switzerland.
- **New general exemption for the provision of certain pilot services** – A general exemption applicable to all prohibitions laid down in Regulation 833/2014 now exempts the provision of pilot services which are necessary for reasons of maritime safety.

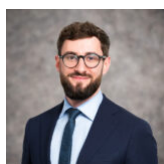
9. New FAQs on Sanctions Against Russia

Since our [last alert](#), the Commission has made several updates to its FAQs on the implementation of Regulations 833/2014 and 269/2014 on its [dedicated webpage](#) regarding (i) import-related restrictions for iron and steel products, (ii) export-related restrictions for dual-use items and advanced technologies, (iii) import related restrictions, (iv) state-owned enterprises, as well as the (v) Central Bank of Russia. In addition, on October 18, 2023, the Commission updated its [economically critical goods list](#), which includes controlled items that should be subject to enhanced due diligence to avoid diversion to Russia. Finally, on November 29, 2023, it issued [guidance on the implementation and recognition of firewalls](#).

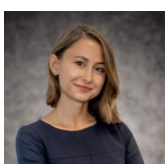
Related People



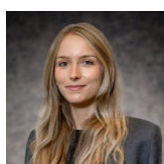
Jan Dunin-Wasowicz



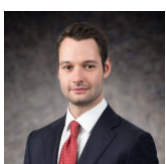
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