

This Statutory Instrument has been made in part to correct errors in S.I. 2022/850 and S.I. 2022/1110 and is being issued free of charge to all known recipients of those Statutory Instruments.

Regulations made by the Secretary of State, laid before Parliament under section 55(3) of the Sanctions and Anti-Money Laundering Act 2018, for approval by resolution of each House of Parliament within twenty-eight days beginning with the day on which the instrument is made, subject to extension for periods of dissolution or prorogation or during which both Houses are adjourned for more than four days.

STATUTORY INSTRUMENTS

2022 No. 1331

SANCTIONS

The Russia (Sanctions) (EU Exit) (Amendment) (No. 17) Regulations 2022

Made - - - - *14th December 2022*

Laid before Parliament *15th December 2022*

Coming into force in accordance with regulation 1(2)

The Secretary of State^(a), considering that the condition in section 45(2) of the Sanctions and Anti-Money Laundering Act 2018^(b) is met, makes the following Regulations in exercise of the powers conferred by sections 1, 3(1)(b)(i) and (ii) and (d)(ii), 5, 9(2)(a), 10(2) to (4), 11, 12, 15(2)(a) and (b), (3) and (6), 16, 17, 19, 20, 21, 45 and 54(1) and (2) of, and paragraphs 2(b), 4(b) and (c), 5(a)(ii) and (b), 6(a)(ii) and (b), 11(a)(ii), 13(b), (g), (h), (i), (k), (l), (m), (n) and (w), 14(a), (f), (g) and (k), 17, 19(a), 20 to 23 and 27(2) of Schedule 1 to, that Act.

Citation and commencement

1.—(1) These Regulations may be cited as the Russia (Sanctions) (EU Exit) (Amendment) (No. 17) Regulations 2022.

(2) These Regulations come into force—

- (a) for the purposes of Part 2 of Schedule 4, and regulation 21 in so far as it relates to that Part of that Schedule, on 1st January 2023;
- (b) for all other purposes, on 16th December 2022.

^(a) The power to make regulations under Part 1 of the Sanctions and Anti-Money Laundering Act 2018 (c. 13) is conferred on an appropriate Minister. Section 1(9)(a) of the Act defines an “appropriate Minister” as including the Secretary of State.

^(b) 2018 c. 13. Section 17(5)(b)(i) (enforcement) is amended by the Sentencing Act 2020 (c. 17), Schedule 24, paragraph 443(1). Sections 1 and 45 are amended by the Economic Crime (Transparency and Enforcement) Act 2022 (c. 10), sections 57 and 62.

Amendment of the Russia (Sanctions) (EU Exit) Regulations 2019

2. The Russia (Sanctions) (EU Exit) Regulations 2019(a) are amended as set out in regulations 3 to 21.

Amendment of regulation 5 (power to designate persons)

3. In regulation 5—

- (a) in paragraph (1), after sub-paragraph (aa), insert—
“(ab) regulation 18C (trust services);”;
- (b) in paragraph (1A), after sub-paragraph (b), insert—
“(ba) regulation 18C (trust services);”.

Amendment of regulation 16 (dealing with transferable securities or money-market instruments)

4. In regulation 16—

- (a) after paragraph (4F), insert—
“(4G) A person (“P”) must not, directly or indirectly, deal with a transferable security or money-market instrument falling within paragraph (4H) if P knows, or has reasonable cause to suspect, that P is dealing with such a transferable security or money-market instrument.
(4H) A transferable security or money-market instrument falls within this paragraph if it is issued—
 - (a) on or after 16th December 2022,
 - (b) by a person, other than an individual, which is not a person connected with Russia, and
 - (c) for the purposes of an activity mentioned in regulation 18B(2).”;
- (b) in paragraph (5), for “and (4E)” substitute “, (4E) and (4G)”;
- (c) in paragraph (6), for “and (4E)” substitute “, (4E) or (4G)”.

Amendment of regulation 17 (loans and credit arrangements)

5. In regulation 17—

- (a) after paragraph (2), insert—
“(2A) A person must not make funds or economic resources available to a relevant entity (“E”) where the purposes of making those funds or economic resources available is to enable E to grant a relevant loan on or after 16th December 2022.”;
- (b) in paragraph (3), for “and (2)” substitute “, (2) and (2A)”;
- (c) in paragraph (4), for “or (2)” substitute “, (2) or (2A)”;
- (d) in paragraph (5)—
 - (i) omit the definition of “the Amendment (No. 15) Regulations”;
 - (ii) in the definition of “category 3 loan”, in paragraph (c), for “the date on which the Amendment (No. 15) Regulations come into force” substitute “29th October 2022”;
 - (iii) in the definition of “category 5 loan”, in paragraphs (b)(i)(aa) and (c), for “the date on which the Amendment (No. 15) Regulations come into force” in both places substitute “29th October 2022”;
 - (iv) after the definition of “category 5 loan”, insert—

(a) S.I. 2019/855, as amended by S.I. 2020/590, 951, 2022/123, 194, 195, 203, 205, 241, 395, 452, 477, 792, 801, 814, 818, 850, 1110 and 1122 and by the Sentencing Act 2020 (c. 17).

- ““category 6 loan” means a loan or credit—
- (a) made or granted to a relevant entity,
 - (b) which is for the purposes of an activity mentioned in regulation 18B(2),
 - (c) which is first made or granted at any time on or after 16th December 2022, and
 - (d) which is not a category 1 loan, a category 2 loan, a category 3 loan, a category 4 loan or a category 5 loan;”;
- (v) after the definition of “owned”, insert—
- ““relevant entity” has the meaning given in regulation 18B(8);”;
- (vi) in the definition of “relevant loan” for “or a category 5 loan” substitute “, a category 5 loan or a category 6 loan”.

Amendment of regulation 18B (investments in relation to Russia)

6. In regulation 18B, in paragraph (8), in the definition of “relevant entity”, omit “has a place of business located in Russia but”.

Insertion of regulation 18C (Trust services)

7. After regulation 18B (investments in relation to Russia), insert—

“Trust services

18C.—(1) A person must not provide trust services to or for the benefit of a designated person.

(2) A person (“P”) must not provide trust services to or for the benefit of a person connected with Russia (“C”) unless pursuant to an ongoing arrangement pursuant to which P provided those trust services to or for the benefit of C immediately before 16th December 2022.

(3) Paragraphs (1) and (2) are subject to Part 7 (Exceptions and licences).

(4) A person who contravenes a prohibition in paragraph (1) or (2) commits an offence.

(5) For the purposes of paragraphs (1) and (2), trust services are provided for the benefit of a person (“B”) where—

- (a) B is a beneficiary of a trust or similar arrangement,
- (b) B is referred to as a potential beneficiary in a document from the settlor relating to a trust or similar arrangement (such as a letter of wishes), or
- (c) having regard to all the circumstances, B might reasonably be expected to obtain, or to be able to obtain, a significant financial benefit from the trust or similar arrangement.

(6) For the purpose of paragraph (5), “beneficiary”, “potential beneficiary” and “settlor”, in relation to an arrangement similar to a trust, means those persons who hold equivalent or similar positions to those described in sub-paragraphs (a) to (c) of that paragraph in respect of a trust.

(7) In this regulation—

“designated person” means a person who is designated under regulation 5 (power to designate persons) for the purposes of this regulation;

“trust services” means—

- (a) the creation of a trust or similar arrangement,
- (b) the provision of a registered office, business address, correspondence address or administrative address for a trust or similar arrangement,
- (c) the operation or management of a trust or similar arrangement, or

- (d) acting or arranging for another person to act as trustee of a trust or similar arrangement, where “trustee”, in relation to an arrangement similar to a trust, means a person who holds an equivalent or similar position to a trustee of a trust.”

Amendment of regulation 19 (circumventing etc. prohibitions)

8. In regulation 19(1)(a), for “18B” substitute “18C”.

Amendment of regulation 54B (interpretation of Chapter 6B)

9. In regulation 54B, for paragraphs (a), (b) and (c) substitute—

- “(a) “accounting services” has the meaning given in paragraph 2 of Schedule 3J;
- (b) “advertising services” has the meaning given in paragraph 3 of Schedule 3J;
- (c) “architectural services” has the meaning given in paragraph 4 of Schedule 3J;
- (d) “auditing services” has the meaning given in paragraph 5 of Schedule 3J;
- (e) “business and management consulting services” has the meaning given in paragraph 6 of Schedule 3J;
- (f) “engineering services” has the meaning given in paragraph 7 of Schedule 3J;
- (g) “IT consultancy and design services” has the meaning given in paragraph 8 of Schedule 3J;
- (h) “public relations services” has the meaning given in paragraph 9 of Schedule 3J.”

Amendment of regulation 54C (professional and business services)

10. In regulation 54C(1), for sub-paragraphs (a), (b) and (c) substitute—

- “(a) accounting services,
- (b) advertising services,
- (c) architectural services,
- (d) auditing services,
- (e) business and management consulting services,
- (f) engineering services,
- (g) IT consultancy and design services, or
- (h) public relations services.”

Amendment of regulation 59 (exceptions relating to loans and credit arrangements)

11. In regulation 59—

- (a) in paragraph (1)(c)(iii), for “the date on which the Amendment Regulations (No. 15) 2022 come into force” substitute “29th October 2022”;
- (b) after paragraph (1)(c)(iii), insert—
 - “(iv) in the case of a category 6 loan, 16th December 2022;”;
- (c) in paragraph (2)(a)(i)(cc), for “the date on which the Amendment Regulations (No. 15) 2022 come into force” substitute “29th October 2022”;
- (d) after paragraph (2)(a)(i)(cc), insert—
 - “(dd) in the case of a category 6 loan, 16th December 2022;”;
- (e) in paragraph (3)—
 - (i) omit ““the Amendment Regulations (No. 15) 2022 has the meaning given to it in regulation 17;”;
 - (ii) after the definition of “category 5 loan”, insert—

““category 6 loan” has the meaning given to it in regulation 17;”.

Amendment of regulation 60ZZA (exceptions relating to investments in relation to Russia)

12. In regulation 60ZZA—

- (a) in paragraph (1), for “contract concluded before the coming into force of the Amendment No. 12 Regulations,” substitute—

“contract—

- (a) concluded before 16th December 2022, in the case of a relevant activity, or
- (b) concluded before 19th July 2022, in any other case;”;

- (b) in paragraph (3)—

- (i) after the definition of “dealing with”, insert—

““person connected with Russia” is to be construed in accordance with regulation 19A(2);

“relevant activity” means directly or indirectly acquiring any ownership interest in or control over a person, other than an individual, which is not a person connected with Russia, for the purpose of making funds or economic resources available—

- (a) directly or indirectly to a person connected with Russia, or
- (b) for the benefit of a person connected with Russia;”;

- (ii) in the definition of “relevant security issued by a person connected with Russia”, in paragraph (f), for “the coming into force of the Amendment (No. 12) Regulations” substitute “19th July 2022”;

- (iii) for the definition of “relevant security issued by a relevant entity” substitute—

““relevant security issued by a relevant entity” means a security issued by a relevant entity for the purpose of an activity not prohibited by regulation 18B which—

- (a) is negotiable on the capital market, and
- (b) is of any of the following kinds but excluding instruments of payment—
 - (i) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares;
 - (ii) bonds or other forms of securitised debt, including depositary receipts in respect of such securities;
 - (iii) any other securities giving the right to purchase or sell any security of a kind mentioned in sub-paragraph (i) or (ii);”;

- (iv) omit the definition of “the Amendment (No. 12) Regulations”.

Insertion of regulation 60ZZB (exceptions relating to trust services)

13. After regulation 60ZZA, insert—

“Exceptions relating to trust services

60ZZB.—(1) The prohibitions in regulation 18C (trust services) are not contravened by any act done by a person (“P”)—

- (a) in satisfaction of an obligation in respect of the provision of trust services by P to or for the benefit of—
 - (i) a designated person, or
 - (ii) a person connected with Russia,

where those services are provided in relation to the discharge of or compliance with UK statutory or regulatory obligations;

- (b) for the purposes of complying with the prohibitions and obligations in Chapter 1 of Part 3 (asset freeze etc.);
 - (c) in connection with transferable securities or money-market instruments where dealing with such securities or instruments is not prohibited by regulation 16 or 18B.
- (2) The prohibitions in regulation 18C are not contravened by the provision of the following trust services where the condition in paragraph (3) is met—
- (a) trust services provided to a community amateur sports club registered as such with His Majesty’s Revenue and Customs;
 - (b) trust services provided to a trust for charitable services which—
 - (i) in Scotland or Northern Ireland, is registered as a charity, or
 - (ii) in England and Wales, is registered as a charity or is not required to register by virtue of section 30(2) of the Charities Act 2011 (charities required to be registered: general)(a);
 - (c) trust services provided to a pension scheme that is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 (registration of pension schemes)(b);
 - (d) trust services for the purposes of a trust—
 - (i) created under, or for the purpose of, the default arrangements of a designated system or the default rules of a recognised body, or for the purpose of any action or proceedings taken by, or for, such a system or body under such arrangements or rules;
 - (ii) relating to the creation of a beneficial interest in securities belonging to a person whose name and address are maintained on a register of securities;
 - (iii) created by, or for, a segregating entity for the purpose of—
 - (aa) protecting funds or economic resources belonging to the segregating entity’s clients, or
 - (bb) complying with a legal obligation to safeguard and segregate funds or economic resources belonging to the segregating entity’s clients or to keep separate client records and accounts;
 - (e) trust services provided by the operator or trustee of an authorised unit trust scheme in relation to that scheme;
 - (f) trust services provided in the course of, or in connection with, carrying on by way of business the activity specified in the following articles of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001(c)—
 - (i) article 40 (safeguarding and administering investments),
 - (ii) article 51ZB (acting as trustee or depositary of a UK UCITS), or
 - (iii) article 51ZD (acting as trustee or depositary of an AIF),
 except in so far as the activity relates to an unauthorised unit trust scheme;
 - (g) trust services provided in the course of, or in connection with, the acting by way of business as an agent holding funds, economic resources or documents in escrow until the performance of a contractual condition agreed between two or more other persons, including the person for whom the funds, economic resources or documents are being held.

(a) 2011 c. 25. Section 30(2)(c)(i) was amended by S.I. 2016/997.

(b) 2004 c. 12. See section 150(2) for the meaning of “registered pension scheme”.

(c) S.I. 2001/544. Articles 51ZB and 51ZD were substituted by S.I. 2013/1773 and both articles were amended by S.I. 2019/632 (as itself amended by S.I. 2019/1212).

(3) The condition in this paragraph is that the trust services are not provided primarily to, or for the benefit of, a designated person or a person connected with Russia.

(4) Where the condition in paragraph (5) is met, the prohibitions in regulation 18C are not contravened by the provision of trust services for making funds and economic resources available to or for the benefit of—

- (a) a person under the age of 18,
- (b) a person who lacks capacity within the meaning of section 2 of the Mental Capacity Act 2005 (people who lack capacity)(a),
- (c) a person who is incapable within the meaning of section 1 of the Adults with Incapacity (Scotland) Act 2000 (general principles and fundamental definitions)(b), or
- (d) a person who is incapable of managing and administering their property and affairs, by reason of mental disorder within the meaning of article 3(1) of the Mental Health (Northern Ireland) Order 1986 (definition of “mental disorder” and related expressions)(c).

(5) The condition in this paragraph is that the trust services are not provided primarily to, or for the benefit of, a designated person.

(6) In this regulation, whether trust services are provided for the benefit of a person is to be construed in accordance with regulation 18C.

(7) In this regulation—

“FSMA” means the Financial Services and Markets Act 2000(d);

“the 1999 Regulations” means the Financial Markets and Insolvency (Settlement Finality) Regulations 1999(e);

“authorised unit trust scheme” has the meaning given in section 237 of FSMA (other definitions)(f);

“clearing member” has the meaning given in section 190(1) of the Companies Act 1989 (minor definitions)(g);

“community amateur sports club” has the meaning given in section 658 of the Corporation Tax Act 2010 (meaning of “community amateur sports club” and “registered club”)(h);

“default arrangements” has the meaning given in regulation 2(1) of the 1999 Regulations (interpretation)(i);

“default rules” has the meaning given in section 188 of the Companies Act 1989 (meaning of “default rules” and related expressions)(j);

“designated person” has the meaning given in regulation 18C(7);

“designated system” has the meaning given in regulation 2(1) of the 1999 Regulations(k);

“the operator” has the meaning given in section 237 of FSMA;

(a) 2005 c. 9.

(b) 2000 asp 4.

(c) 1986/595 (N.I. 4).

(d) 2000 c. 8.

(e) S.I. 1999/2979.

(f) The definition of “the operator” was amended by the Financial Services Act 2021 (c. 22), paragraph 5 of Schedule 9 and by S.I. 2011/1613, 2013/1388 and 2019/325.

(g) 1989 c. 40. The definition of “clearing member” was amended by S.I. 2013/504.

(h) 2010 c. 4. Section 658 was amended by the Finance Act 2012 (c. 14), section 52(1) and (3), the Finance Act 2013 (c. 29), Schedule 21, paragraphs 4 and 9(2) and by S.I. 2015/725.

(i) The definition of “default rules” was amended by S.I. 2006/50, 2010/2993 and 2013/504.

(j) Section 188 was amended by S.I. 2009/853, 2013/504, 1908, 2017/1064 and 1247.

(k) The definition of “designated system” was substituted by S.I. 2019/341.

“participant” has the meaning given in regulation 2(1) of the 1999 Regulations(a);

“person connected with Russia” is to be construed in accordance with regulation 19A(2);

“recognised body” has the meaning given in section 313 of FSMA (interpretation of Part XVIII)(b);

“recognised central counterparty” has the meaning given in section 313 of FSMA(c);

“register of securities” has the meaning given in regulation 3(1) of the Uncertificated Securities Regulations 2001(interpretation)(d);

“segregating entity” means—

- (a) a clearing member of a recognised central counterparty,
- (b) a participant in a designated system,
- (c) a designated system, or
- (d) a recognised body;

“trustee” has the meaning given in section 237 of FSMA;

“trust services” has the meaning given in regulation 18C(7);

“unauthorised unit trust scheme” means a “unit trust scheme” within section 237(1) of FSMA that is not an authorised unit trust scheme.”

Substitution of regulation 60DA (trade: exception relating to professional and business services)

14. For regulation 60DA (including the heading) substitute—

“Trade: exceptions relating to professional and business services

60DA.—(1) The prohibitions in regulation 54C (professional and business services), in so far as they relate to accounting services, business and management consulting services, engineering services or public relations services, are not contravened by any act done by a person (“P”) in satisfaction of an obligation in respect of the provision of those services by P to a person connected with Russia where the services are provided in relation to the discharge of or compliance with UK statutory or regulatory obligations, such obligations not arising under contract.

(2) The prohibitions in regulation 54C, in so far as they relate to advertising services, architectural services, engineering services or IT consultancy and design services, are not contravened by any act done by a person (“P”) in satisfaction of an obligation arising under a contract concluded before 16th December 2022, or an ancillary contract necessary for the satisfaction of such a contract, provided that—

- (a) the act is carried out before the end of 15th March 2023, and
- (b) P notifies the Secretary of State of the provision of the services, before or after the act is carried out, by the end of 15th March 2023.

(3) The prohibitions in regulation 54C, in so far as they relate to auditing services, are not contravened by any act done by a person (“P”) in satisfaction of an obligation arising from the appointment of P as the auditor of a parent undertaking (“C”) provided that—

- (a) where C is a credit institution, the auditing services of P are for one or both of the purposes mentioned in paragraph (4);

(a) The definition of “participant” was amended by S.I. 2010/2993.
 (b) The definition of “recognised body” was amended by S.I. 2017/1064, 2020/646.
 (c) The definition of “recognised central counterparty” was amended by S.I. 2013/504.
 (d) S.I. 2001/3755.

- (b) where C is not a credit institution, or is a credit institution that does not meet the condition in sub-paragraph (a)—
 - (i) P is appointed as auditor of C before 16th December 2022,
 - (ii) the act is carried out before the end of 31st May 2023, and
 - (iii) P notifies the Secretary of State of the provision of the services, before or after the act is carried out, by the end of 15th March 2023.
- (4) The purposes are—
 - (a) C, in its capacity as a parent undertaking, deciding whether accounts of a subsidiary undertaking of C which is a person connected with Russia (“S”) should be included in consolidated group accounts of C, and
 - (b) the inclusion in consolidated group accounts of C of the accounts of S.
- (5) The prohibitions in regulation 54C, in so far as they relate to auditing services, are not contravened by any act done by a person (“P”)—
 - (a) in satisfaction of an obligation arising from the appointment of P as the auditor of a subsidiary undertaking (“S”) in respect of the provision of those services to S in relation to the discharge of or compliance with UK statutory or regulatory obligations, and
 - (b) which results in the provision of those services indirectly to a person connected with Russia in that person’s capacity as a parent undertaking of S.
- (6) The prohibitions in regulation 54C, in so far as they relate to IT consultancy and design services, are not contravened by the provision of—
 - (a) an “electronic communications network” or an “electronic communications service” (within the meanings given by section 32 of the Communications Act 2003(a)) that is used for civilian purposes, or
 - (b) services that are incidental to the exchange of communications over the internet, including—
 - (i) instant messaging,
 - (ii) videoconferencing,
 - (iii) chat and email,
 - (iv) social networking,
 - (v) sharing of photos, audio, videos, films or documents,
 - (vi) web browsing,
 - (vii) blogging,
 - (viii) web hosting, and
 - (ix) domain name registration services.
- (7) The prohibitions in regulation 54C are not contravened by any act done by a person that is necessary for the official purposes of a diplomatic mission or consular post in Russia, or of an international organisation enjoying immunities in accordance with international law.
- (8) For the purposes of this regulation, the following terms have the meanings given in regulation 54B—
 - “accounting services”, “advertising services”, “architectural services”, “auditing services”, “business and management consulting services”, “engineering services”, “IT consultancy and design services” and “public relations services”.
- (9) For the purposes of this regulation—

(a) 2003 c. 21. Section 32 was amended by S.I. 2011/1210 and 2020/1419.

“auditor” means a statutory auditor within the meaning of section 1210 of the Companies Act 2006 (meaning of “statutory auditor” etc)(a);

“consular post” is to be construed in accordance with paragraph A1 of Schedule 5;

“credit institution” means a body incorporated under the law of any part of the United Kingdom, the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account;

“diplomatic mission” is to be construed in accordance with paragraph A1 of Schedule 5;

“financial year” is to be construed in accordance with section 390 of the Companies Act 2006 (a company’s financial year);

“included in consolidated group accounts” has the meaning given in section 474 of the Companies Act 2006 (minor definitions) and “inclusion in consolidated group accounts” is to be construed accordingly;

“parent undertaking” has the meaning given in section 1162 of the Companies Act 2006 (parent and subsidiary undertakings);

“subsidiary undertaking” has the meaning given in section 1162 of the Companies Act 2006.”

Amendment of regulation 62A (exception for authorised conduct in a relevant country)

15. In regulation 62A(1), for “and 18B (investments in relation to Russia)” substitute “, 18B (investments in relation to Russia) and 18C (trust services)”.

Amendment of regulation 64 (Treasury licences)

16. In regulation 64—

- (a) in paragraph (1), after “18B (investments in relation to Russia)”, insert “, 18C (trust services)”;
- (b) in paragraph (1A)—
 - (i) in the opening words, for “18B” substitute “18C”;
 - (ii) in sub-paragraph (b), for “or regulation 17A” substitute “regulation 17A or regulation 18C”;
- (c) in paragraph (2), after sub-paragraph (d)—
 - (i) omit “and”;
 - (ii) insert—
 - “(da) in the case of acts which would otherwise be prohibited by regulation 18C (trust services), where the Treasury consider that it is appropriate to issue the licence for a purpose set out in Part 3A of Schedule 5, and”.

Amendment of regulation 71 (“relevant firm”)

17. In regulation 71—

- (a) in paragraph (1)(d)—
 - (i) after sub-paragraph (iii), omit “or”;
 - (ii) in sub-paragraph (iv), omit “trust or”;
 - (iii) after sub-paragraph (iv), insert “or” and—
 - “(v) trust services;”;

(a) Section 1210 was amended by S.I. 2008/565, 1950, 2017/516, 1164 and S.I. 2019/177 as amended by S.I. 2020/523.

- (b) in paragraph (2)—
 - (i) in the opening words, omit “trust or”;
 - (ii) omit sub-paragraph (d)(i) and the “or” following it;
- (c) in paragraph (3), after the definition of “firm” insert—
 - ““trust services” has the meaning given in regulation 18C(7) (trust services).”

Amendment of regulation 72 (finance: powers to request information)

18. In regulation 72(5)(c), in sub-paragraph (c) after “18B (investments in relation to Russia)”, insert “, 18C (trust services)”.

Disapplication of Banking Act 2009 requirement

19. After regulation 97 (trade: overlapping offences), insert—

“Disapplication of Banking Act 2009 requirement to recognise third-country resolution actions

97A.—(1) The duty of the Bank of England to make a decision under section 89H(2) of the Banking Act 2009 (recognition of third-country resolution actions)(a) does not apply in relation to the notification of third-country resolution action in respect of—

- (a) a designated person, or
- (b) a person who is owned or controlled directly or indirectly (within the meaning of regulation 7) by a designated person.

(2) In paragraph (1)—

“designated person” has the same meaning as it has in Chapter 1 of Part 3 (asset-freeze etc.);

“third-country resolution action” has the meaning given in section 89H(7) of the Banking Act 2009.”

Amendment and insertion of Schedules

20.—(1) In Schedule 2A (Critical-industry goods and critical-industry technology)—

- (a) in the table in Part 1A (Special materials and related equipment), in column 1 (items), insert the entries set out in Part 1 of Schedule 1 to these Regulations;
- (b) after Part 8 (Aerospace and propulsion), insert Part 9 (Miscellaneous items), which is set out in Part 2 of Schedule 1 to these Regulations.

(2) In Schedule 3C (Defence and security goods and defence and security technology), in Part 4 (Chemicals and equipment), at the end of the first table, headed “Chemicals”, in the appropriate column corresponding to the column headings below, insert the following entries—

<i>Chemical name</i>	<i>CAS Number</i>
Calcium carbide	75-20-7
Carbon monoxide	630-08-0
Monoethyleneglycol	107-21-1
Sulphur	7704-34-9
Sulphur dioxide	7446-09-5

(3) After Schedule 3I (Russia’s vulnerable goods), insert Schedule 3J (professional and business services), which is set out in Schedule 2 to these Regulations.

(a) 2009 c. 1. Section 89H was inserted by S.I. 2014/3329, and amended by S.I. 2018/1394.

(4) In Schedule 5 (Treasury licences: purposes)—

- (a) in Part A1 (Interpretation), in paragraph A1 (interpretation of Schedule 5), after the definition of “medical goods”, insert—
 - ““relevant financial authority” means authorities involved in the regulation of financial services in the United Kingdom, including the Financial Conduct Authority, the Prudential Regulation Authority and the Bank of England;”;
- (b) in Part 1B (Correspondent banking relationships etc.), in paragraph 9N (financial regulation), omit sub-paragraph (2);
- (c) in Part 1D (Foreign exchange reserve and asset management services), in paragraph 9V (financial regulation), omit sub-paragraph (2);
- (d) after Part 3 (Investments in relation to Russia), insert Part 3A (Trust services), which is set out in Schedule 3 to these Regulations.

Minor amendments

21. The amendments in Schedule 4 to these Regulations have effect.

Anne-Marie Trevelyan
Minister of State

14th December 2022

Foreign, Commonwealth and Development Office

SCHEDULE 1

Regulation 20(1)

Amendments to Schedule 2A to the Russia (Sanctions) (EU Exit) Regulations 2019

PART 1

Entries to be inserted in the table in Part 1A

1. Entries to be inserted in column 1 (items) after the entry “g. Alpha emitting radionuclides”—

“Aromatic polyamides (aramids) not controlled by 1C010, 1C210 or 1C990, presented in any of the following forms—

- (a) primary forms;
- (b) filament yarn or monofilaments;
- (c) filament tows;
- (d) rovings;
- (e) staple or chopped fibres;
- (f) fabrics;
- (g) pulp or flocks.

Nanomaterials as follows—

- (a) semiconductor nanomaterials;
- (b) composite-based nanomaterials;
- (c) any of the following carbon-based nanomaterials—
 - (i) carbon nanotubes;

- (ii) carbon nanofibres;
- (iii) fullerenes;
- (iv) graphenes;
- (v) carbon onions.

Notes: For the purpose of the entry above, “nanomaterial” means a material that meets at least one of the following criteria—

- (a) it consists of particles, with one or more external dimensions in the size range 1 - 100 nm for more than 1 % of their number size distribution,
- (b) it has internal or surface structures in one or more dimensions in the size range 1 - 100 nm, or
- (c) it has a specific surface area by volume greater than 60 m²/cm³, excluding materials consisting of particles with a size lower than 1 nm.”

2. Entry to be inserted in column 1 after the final entry beginning “1E994”—

““Technology” “required” for the “development”, “production” or “use” of the systems, equipment, components and software specified in the entries above relating to aromatic polyamides and nanomaterials.”.

PART 2

Insertion of Part 9

“PART 9

Miscellaneous items

1. Equipment for oil production or oil exploration as follows—

- (a) drill head integrated measurement equipment, including inertial navigation systems for measurement while drilling (MWD);
- (b) gas monitoring systems and detectors therefor, designed for continuous operation and detection of hydrogen sulphide;
- (c) equipment for seismological measurements, including reflection seismetics and seismic vibrators;
- (d) sediment echo sounders.

2. Collector equipment for metal ores in deep seabed.

3. Equipment for the “production” of printed electronics for organic light emitting diodes (OLED), organic field-effect transistors (OFET) or organic photovoltaic cells (OPVC).

4. Equipment for the “production” of microelectromechanical systems (MEMS) using the mechanical properties of silicon, including sensors in chip format like pressure membranes, bending beams or micro adjustment devices.

5. Equipment, specially designed for the production of E-Fuels (electrofuels and synthetic fuels) or ultra efficient solar cells (efficiency > 30 %).

6. Numerical controlled machine tools, having one or more linear axis with a travel length greater than 8000 mm.

7. Advanced materials as follows—

- (a) materials for cloaking or adaptive camouflage;

- (b) metamaterials, e.g. with a negative refractive index;
- (c) high entropy alloys (HEA);
- (d) Heusler compounds;
- (e) Kitaev materials, including kitaev spin liquids.

8. Conjugated polymers (conductive, semiconductive, electroluminescent) for printed or organic electronics.

9. Energetic materials as follows and mixtures thereof, except where the material is incorporated in a medical product—

- (a) ammonium picrate (CAS 131-74-8);
- (b) black powder;
- (c) hexanitrodiphenylamine (CAS 131-73-7);
- (d) difluoroamine (CAS 10405-27-3);
- (e) nitrostarch (CAS 9056-38-6);
- (f) tetranitronaphthalene;
- (g) trinitroanisole;
- (h) trinitronaphthalene;
- (i) trinitroxylene;
- (j) N-pyrrolidinone; 1-methyl-2-pyrrolidinone (CAS 872-50-4);
- (k) dioctylmaleate (CAS 142-16-5);
- (l) ethylhexylacrylate (CAS 103-11-7);
- (m) triethylaluminium (TEA) (CAS 97-93-8), trimethylaluminium (TMA) (CAS 75-24-1), and other pyrophoric metal alkyls and aryls of lithium, sodium, magnesium, zinc or boron;
- (n) nitroglycerin (or glyceroltrinitrate, trinitroglycerine) (NG) (CAS 55-63-0);
- (o) Ethylenediaminedinitrate (EDDN) (CAS 20829-66-7);
- (p) lead azide (CAS 13424-46-9), normal lead styphnate (CAS 15245-44-0) and basic lead styphnate (CAS 12403-82-6), and primary explosives or priming compositions containing azides or azide complexes;
- (q) diethyldiphenylurea (CAS 85-98-3); dimethyldiphenylurea (CAS 611-92-7); methylethyldiphenyl urea;
- (r) N,N-diphenylurea (unsymmetrical diphenylurea) (CAS 603-54-3);
- (s) methyl-N,N-diphenylurea (methyl unsymmetrical diphenylurea) (CAS 13114-72-2);
- (t) ethyl-N,N-diphenylurea (ethyl unsymmetrical diphenylurea) (CAS 64544-71-4);
- (u) 4-Nitrodiphenylamine (4-NDPA)(CAS 836-30-6);
- (v) 2,2-dinitropropanol (CAS 918-52-5).

Note: For the purpose of this entry, “medical product” means (1) a pharmaceutical formulation designed for human administration in the treatment of medical conditions, and (2) repackaged for distribution as a clinical or medical product.

10. “Technology” “required” for the “development”, “production” or “use” of the systems, equipment, components and software specified in paragraphs 1 to 8.

11. “Software” specially designed or modified for the “development”, “production” or “use” of the systems, equipment and components specified in paragraphs 3 to 6.”

SCHEDULE 2

Regulation 20(3)

Insertion of Schedule 3J to the Russia (Sanctions) (EU Exit) Regulations 2019

“SCHEDULE 3J

Regulation 54B

Professional and business services

Interpretation

1.—(1) For the purpose of this Schedule, a service falls within a code of a particular Central Product Classification if it is, or would be, classified under that code in accordance with the provisions on interpretation set out in the relevant Central Product Classification specified in sub-paragraph (2).

(2) In this Schedule—

“the 1991 Central Product Classification” means the Provisional Central Product Classification published by the United Nations in 1991, Statistical Papers Series M, No. 77(a);

“the 2002 Central Product Classification” means the Central Product Classification published by the United Nations in 2002, Statistical Papers Series M, No. 77, Version 1.1;

“the 2015 Central Product Classification” means the Central Product Classification published by the United Nations in 2015, Statistical Papers Series M, No. 77, Version 2.1.

Meaning of accounting services

2. “Accounting services” means—

- (a) accounting review services, which are services involving the review by a person of annual and interim financial statements and other accounting information, but excluding auditing services;
- (b) compilation of financial statements services, which are services involving the compilation by a person of financial statements from information provided by a client, including preparation services of business tax returns when provided together with the preparation of financial statements for a single fee, but excluding such preparation services of business tax returns when provided as a separate service;
- (c) other accounting services such as attestations, valuations, preparation services of pro forma statements;
- (d) bookkeeping services, which are services consisting of classifying and recording business transactions in terms of money or some unit of measurement in the books of account, but excluding bookkeeping services related to tax returns.

Meaning of advertising services

3. “Advertising services” means the services falling within code 836 of the 2002 Central Product Classification (advertising services) comprising—

(a) Each version of the Central Product Classification is available at this link <https://unstats.un.org/unsd/classifications/Econ/cpc>. A hard copy of the appropriate version of the Code can be inspected at the Department for Business, Energy and Industrial Strategy at 1 Victoria Street, London SW1H 0ET.

- (a) 83610 (planning, creating and placement services of advertising),
- (b) 83620 (purchase or sale of advertising space or time, on commission),
- (c) 83631 (sale of advertising space in print media (except on commission)),
- (d) 83632 (sale of TV/radio advertising time (except on commission)),
- (e) 83633 (sale of Internet advertising space (except on commission)),
- (f) 83639 (sale of other advertising space or time (except on commission)), and
- (g) 83690 (other advertising services).

Meaning of architectural services

4. “Architectural services” means the services falling within the following codes of the 1991 Central Product Classification—

- (a) 8671 (architectural services) comprising—
 - (i) 86711 (advisory and pre-design architectural services),
 - (ii) 86712 (architectural design services),
 - (iii) 86713 (contract administration services),
 - (iv) 86714 (combined architectural design and contract administration services), and
 - (v) 86719 (other architectural services);
- (b) 8674 (urban planning and landscape architectural services) comprising—
 - (i) 86741 (urban planning services), and
 - (ii) 86742 (landscape architectural services).

Meaning of auditing services

5. “Auditing services” means services consisting of examination of the accounting records and other supporting evidence of an organisation for the purpose of expressing an opinion as to—

- (a) whether financial statements of the organisation present fairly its position as at a given date, and
- (b) the results of its operations for the period ending on that date,

in accordance with generally accepted accounting principles.

Meaning of business and management consulting services

6. “Business and management consulting services” means advisory, guidance and operational assistance services provided for business policy and strategy and the overall planning, structuring and control of an organisation, which includes (but is not limited to) management auditing, market management, human resources, production management and project management consulting.

Meaning of engineering services

7. “Engineering services” means the services falling within the following codes of the 1991 Central Product Classification—

- (a) 8672 (engineering services) comprising—
 - (i) 86721 (advisory and consultative engineering services),
 - (ii) 86722 (engineering design services for the construction of foundations and building structures),

- (iii) 86723 (engineering design services for mechanical and electrical installations for buildings),
- (iv) 86724 (engineering design services for the construction of civil engineering works),
- (v) 86725 (engineering design services for industrial processes and production),
- (vi) 86726 (engineering design services not elsewhere classified),
- (vii) 86727 (other engineering services during the construction and installation phase), and
- (viii) 86729 (other engineering services not elsewhere classified);
- (b) 8673 (integrated engineering services) comprising—
 - (i) 86731 (integrated engineering services for transportation infrastructure turnkey projects),
 - (ii) 86732 (integrated engineering and project management services for water supply and sanitation works turnkey projects),
 - (iii) 86733 (integrated engineering services for the construction of manufacturing turnkey projects), and
 - (iv) 86739 (integrated engineering services for other turnkey projects);
- (c) 8675 (engineering related scientific and technical consulting services) comprising—
 - (i) 86751 (geological, geophysical and other scientific prospecting services),
 - (ii) 86752 (subsurface surveying services),
 - (iii) 86753 (surface surveying services), and
 - (iv) 86754 (map making services);
- (d) 8676 (technical testing and analysis services) comprising—
 - (i) 86761 (composition and purity testing and analysis services),
 - (ii) 86762 (testing and analysis services of physical properties),
 - (iii) 86763 (testing and analysis services of integrated mechanical and electrical systems),
 - (iv) 86764 (technical inspection services), and
 - (v) 86769 (other technical testing and analysis services).

Meaning of IT consultancy and design services

8. “IT consultancy and design services” means the services falling within the following codes of the 2015 Central Product Classification—

- (a) 83131 (IT consulting services);
- (b) 83141 (IT design and development services for applications).

Meaning of public relations services

9. “Public relations services” means services provided by a person related to improving the image of their clients and their relationship with the general public and other institutions, but excludes planning and creating advertising services or public opinion polling services.”

Insertion of Part 3A (Trust services) in Schedule 5 (Treasury licences: purposes) to the Russia (Sanctions) (EU Exit) Regulations 2019

“PART 3A

Trust services

Extraordinary situation

20A. To enable anything to be done to deal with an extraordinary situation.

Humanitarian assistance activity

20B. To enable anything to be done in connection with the performance of any humanitarian assistance activity.

Medical goods or services

20C.—(1) To enable anything to be done in connection with the provision of medical goods or services for the benefit of the civilian population of a country.

(2) To enable the import, export or use of medical goods.

Food

20D. To enable anything to be done in connection with the production or distribution of food for the benefit of the civilian population of a country.

Diplomatic missions etc.

20E.—(1) To enable anything to be done in order that the functions of a diplomatic mission or consular post in Russia, or of an international organisation enjoying immunities in accordance with international law, may be carried out.

(2) To enable anything to be done in order that the functions of a diplomatic mission or consular post of Russia in the United Kingdom may be carried out.

Safety and soundness of a firm

20F. To enable anything to be done by a person, following consultation by that person (or a person acting on their behalf) with the relevant supervising authority or authorities, that is necessary or expedient in order to promote the safety and soundness of a firm which is supervised by the Bank of England, the Prudential Regulation Authority or the Financial Conduct Authority.

Financial regulation

20G. To enable anything to be done by, or on behalf of, a relevant financial authority for the purposes of the functions of that authority.

Financial stability

20H. To enable anything to be done by a person, following consultation by that person (or a person acting on their behalf) with the Bank of England, that is necessary or expedient in order to protect or enhance the stability of the financial system of the United Kingdom.

Unauthorised unit trust schemes

20I.—(1) To enable the provision of trust services by the operator or trustee of an unauthorised unit trust scheme in relation to that scheme, provided that the condition in sub-paragraph (2) is met.

(2) The condition in this sub-paragraph is that the trust services are not provided primarily to or for the benefit of a designated person or a person connected with Russia.

(3) Terms used in this paragraph are to be construed in accordance with regulation 60ZZB.”

SCHEDULE 4

Regulation 21

Minor amendments

PART 1

1. In regulation 46Z7 (technical assistance relating to oil and oil products), for paragraph (1) substitute—

“(1) A person must not, on or after the relevant day, directly or indirectly provide technical assistance relating to—

- (a) the import of oil and oil products which—
 - (i) originate in Russia, or
 - (ii) are consigned from Russia;
- (b) the direct or indirect acquisition of oil and oil products which—
 - (i) originate in Russia, or
 - (ii) are located in Russia,with the intention of those goods entering the United Kingdom;
- (c) the direct or indirect supply or delivery of oil and oil products from a place in Russia into the United Kingdom.”

2. In regulation 46Z8 (financial services and funds relating to oil and oil products), for paragraph (1) substitute—

“(1) A person must not, on or after the relevant day, directly or indirectly provide financial services or funds in pursuance of or in connection with an arrangement whose object or effect is—

- (a) the import of oil and oil products which—
 - (i) originate in Russia, or
 - (ii) are consigned from Russia;
- (b) the direct or indirect acquisition of oil and oil products which—
 - (i) originate in Russia, or
 - (ii) are located in Russia,with the intention of those goods entering the United Kingdom;
- (c) the direct or indirect supply or delivery of oil and oil products from a place in Russia into the United Kingdom.”

3. In regulation 46Z15 (financial services and funds relating to gold), for paragraph (1) substitute—

“(1) A person must not directly or indirectly provide financial services or funds in pursuance of or in connection with an arrangement whose object or effect is—

- (a) the import of gold which on or after the relevant day—
 - (i) originated in Russia, or
 - (ii) is consigned from Russia;
- (b) the direct or indirect acquisition of gold which on or after the relevant day—
 - (i) originated in Russia, and
 - (ii) is located in Russia,
 with the intention of that gold entering the United Kingdom;
- (c) the direct or indirect supply or delivery of gold, which originated in Russia on or after the relevant day—
 - (i) from a place in Russia, or
 - (ii) from a third country,
 to the United Kingdom.”

4. In regulation 46Z16E (technical assistance relating to gold jewellery), for paragraph (1) substitute—

“(1) A person must not directly or indirectly provide technical assistance relating to—

- (a) the import of gold jewellery which on or after the relevant day—
 - (i) originated in Russia, or
 - (ii) is exported from Russia;
- (b) the direct or indirect acquisition of gold jewellery which—
 - (i) originated in Russia, or
 - (ii) is located in Russia or, on or after the relevant day, has been exported from Russia,
 with the intention of that gold jewellery entering the United Kingdom.”

5. In regulation 46Z16G (financial services and funds relating to gold jewellery), for paragraph (1) substitute—

“(1) A person must not directly or indirectly provide financial services or funds in pursuance of or in connection with an arrangement whose object or effect is—

- (a) the import of gold jewellery which on or after the relevant day—
 - (i) originated in Russia, or
 - (ii) is exported from Russia;
- (b) the direct or indirect acquisition of gold which on or after the relevant day—
 - (i) originated in Russia, or
 - (ii) is located in Russia,
 with the intention of that gold jewellery entering the United Kingdom.”

6. In regulation 46Z21 (technical assistance relating to coal and coal products), for paragraph (1) substitute—

“(1) A person must not, on or after the relevant day, directly or indirectly provide technical assistance relating to—

- (a) the import of coal and coal products which—
 - (i) originate in Russia, or
 - (ii) are consigned from Russia;
- (b) the direct or indirect acquisition of coal and coal products which—
 - (i) originate in Russia, or
 - (ii) are located in Russia,

with the intention of those goods entering the United Kingdom;

- (c) the direct or indirect supply or delivery of coal and coal products from a place in Russia into the United Kingdom.”

7. In regulation 46Z22 (financial services and funds relating to coal and coal products), for paragraph (1) substitute—

“(1) A person must not, on or after the relevant day, directly or indirectly provide financial services or funds in pursuance of or in connection with an arrangement whose object or effect is—

- (a) the import of coal and coal products which—
 - (i) originate in Russia, or
 - (ii) are consigned from Russia;
- (b) the direct or indirect acquisition of coal and coal products which—
 - (i) originate in Russia, or
 - (ii) are located in Russia,with the intention of those goods entering the United Kingdom;
- (c) the direct or indirect supply or delivery of coal and coal products from a place in Russia into the United Kingdom.”

8. In regulation 86 (trade offences in CEMA: modification of penalty)—

- (a) in paragraph (1)—
 - (i) for “46Z16C”, substitute “46Z16C,”;
 - (ii) for “46Z25,” substitute “, 46Z25”;
- (b) in paragraph (5), for “46Z18” substitute “46Z18,”.

PART 2

9. In regulation 46Z27 (technical assistance relating to liquefied natural gas), for paragraph (1) substitute—

“(1) A person must not directly or indirectly provide technical assistance relating to—

- (a) the import of liquefied natural gas which—
 - (i) originates in Russia, or
 - (ii) is consigned from Russia;
- (b) the direct or indirect acquisition of liquefied natural gas which—
 - (i) originates in Russia, or
 - (ii) is located in Russia,with the intention of the liquefied natural gas entering the United Kingdom.”

10. In regulation 46Z28 (financial services and funds relating to liquefied natural gas), for paragraph (1) substitute—

“(1) A person must not directly or indirectly provide financial services or funds in pursuance of or in connection with an arrangement whose object or effect is—

- (a) the import of liquefied natural gas which—
 - (i) originates in Russia, or
 - (ii) is consigned from Russia;
- (b) the direct or indirect acquisition of liquefied natural gas which—
 - (i) originates in Russia, or
 - (ii) is located in Russia,

with the intention of the liquefied natural gas entering the United Kingdom.”

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under the Sanctions and Anti-Money Laundering Act 2018 (c. 13) to amend the Russia (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/855) (“the 2019 Regulations”).

Regulations 3 to 8 amend Part 2 (Designation of persons) and Part 3 (Finance) of the 2019 Regulations primarily to—

- impose a new restriction in relation to the provision of trust services to designated persons or persons connected with Russia, and
- extend provisions in Chapter 2 of Part 3 (other financial and investment restrictions) prohibiting certain activities relating to a person (other than an individual) that is not a person connected with Russia.

Regulations 9 and 10 amend Part 5 (Trade) of the 2019 Regulations to add additional services to the existing provisions imposing restrictions relating to professional and business services.

Regulations 11 to 16 provide for exceptions and licences relating to the restrictions introduced by regulations 3 to 10, by amendments to Part 7 (Exceptions and licences) of the 2019 Regulations.

Regulations 17 and 18 amend the provisions relating to reporting and information in Part 8 (Information and records) of the 2019 Regulations in relation to trust services.

Regulation 19 makes supplementary provision to modify the effect of the Banking Act 2009 so that the duty of the Bank of England to make a decision under section 89H(2) of that Act does not apply in relation to the notification of third-country resolution action (within the meaning of section 89H(7) of that Act) in respect of a designated person, or a person owned or controlled by a designated person.

Regulation 20—

- amends Schedules 2A and 3C to add further items to the lists of goods, trade in which is prohibited under Part 5,
- inserts Schedule 3J containing the definitions of professional and business services, in consequence of the amendments made by regulation 10, and
- amends Schedule 5 to set out the purposes for which Treasury licenses may be issued in relation to trust services.

Regulation 21 and Schedule 4 correct errors made in previous Regulations amending the 2019 Regulations.

A full impact assessment of the effect that this instrument will have on the costs of business, the voluntary sector and the public sector has been published alongside these Regulations and is available from legislation.gov.uk or from the Foreign, Commonwealth and Development Office, King Charles Street, London SW1A 2AH.

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£6.90

<http://www.legislation.gov.uk/id/uksi/2022/1331>

ISBN 978-0-34-824259-1



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