

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

2023 No. 1367

SANCTIONS

The Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2023

| | | |
|-------------------------------|---------|---------------------------|
| <i>Made</i> | - - - - | <i>12th December 2023</i> |
| <i>Laid before Parliament</i> | | <i>14th December 2023</i> |
| <i>Coming into force</i> | - - | <i>1st January 2024</i> |

The Secretary of State⁽¹⁾, considering that the condition in section 45(2) of the Sanctions and Anti-Money Laundering Act 2018⁽²⁾ is met, makes the following Regulations in exercise of the powers conferred by sections 1, 5, 15(2)(a) and (b), 17, 45(1)(b) and 54(1) and (2) of, and paragraphs 3(a) and (b), 4(c), 7(b), 13(c), (i), (q) and (w), 17(d) and 20 of Schedule 1 to, that Act.

Citation and commencement

1.—(1) These Regulations may be cited as the Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2023.

(2) These Regulations come into force on 1st January 2024.

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

2. The Russia (Sanctions) (EU Exit) Regulations 2019⁽³⁾ are amended as set out in regulations 3 to 7.

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- (1) 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.
- (2) 2018 c. 13. Sections 1(5) and 15 are amended by the Economic Crime and Corporate Transparency Act 2023 (c. 56) (“the 2023 Act”), section 35(2) and (5). Sections 1 and 45 are amended by the Economic Crime (Transparency and Enforcement) Act 2022 (c. 10), sections 57 and 62. Section 17(5)(b)(i) (enforcement) is amended by the Sentencing Act 2020 (c. 17), Schedule 24, paragraph 443(1). Section 17(9)(a) is amended by the 2023 Act, section 214(3).
- (3) S.I. 2019/855 as amended by S.I. 2020/590 and 951, S.I. 2022/123, 194, 195, 203, 205, 241, 395, 452 and 477 and S.I. 2023/440; 665, 713 and 1364; and by the Sentencing Act 2020 (c. 17).

Insertion of new Chapter 4JB (diamonds and diamond jewellery)

3. After regulation 46Z16I insert—

“CHAPTER 4JB

Diamonds and diamond jewellery

Interpretation

46Z16J. In this Chapter—

“diamonds” means any thing specified in Part 2 of Schedule 3GA;

“diamond jewellery” means any thing specified in Part 3 of Schedule 3GA;

“third country” means a country which is not the United Kingdom, the Isle of Man or Russia.

Import of diamonds and diamond jewellery

46Z16K.—(1) The import of diamonds and diamond jewellery which are consigned from Russia is prohibited.

(2) The import of diamonds and diamond jewellery which originate in Russia is prohibited.

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

Acquisition of diamonds and diamond jewellery

46Z16L.—(1) A person must not directly or indirectly acquire diamonds or diamond jewellery which—

(a) originate in Russia; or

(b) are located in Russia.

(2) Paragraph (1) is subject to Part 7 (Exceptions and licences).

(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but—

(a) it is a defence for a person charged with the offence of contravening paragraph (1)

(a) to show that the person did not know and had no reasonable cause to suspect that the goods originated in Russia;

(b) it is a defence for a person charged with the offence of contravening paragraph (1)

(b) to show that the person did not know and had no reasonable cause to suspect that the goods were located in Russia.

Supply and delivery of diamonds and diamond jewellery

46Z16M.—(1) A person must not directly or indirectly supply or deliver diamonds or diamond jewellery from a place in Russia to a third country.

(2) Paragraph (1) is subject to Part 7 (Exceptions and licences).

(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with the offence of contravening paragraph (1) to show that the person did not know and had no reasonable cause to suspect that the supply or delivery was from a place in Russia, whether directly or indirectly.

Technical assistance relating to diamonds and diamond jewellery

46Z16N.—(1) A person must not directly or indirectly provide technical assistance relating to—

- (a) the import of diamonds or diamond jewellery which—
 - (i) originate in Russia, or
 - (ii) are consigned from Russia;
- (b) the direct or indirect acquisition of diamonds or diamond jewellery which—
 - (i) originate in Russia, or
 - (ii) are located in Russia; or
- (c) the direct or indirect supply or delivery of diamonds or diamond jewellery from a place in Russia to a third country.

(2) Paragraph (1) is subject to Part 7 (Exceptions and licences).

(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with an offence of contravening—

- (a) paragraph (1)(a) to show that the person did not know and had no reasonable cause to suspect that the technical assistance related to an import described in that paragraph;
- (b) paragraph (1)(b) to show that the person did not know and had no reasonable cause to suspect that the technical assistance related to an acquisition described in that paragraph;
- (c) paragraph (1)(c), to show that the person did not know and had no reasonable cause to suspect that the technical assistance related to a supply or delivery described in that paragraph.

Financial services and funds relating to diamonds and diamond jewellery

46Z16O.—(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 diamonds or diamond jewellery which—
 - (i) originate in Russia, or
 - (ii) are consigned from Russia;
- (b) the direct or indirect acquisition of diamonds or diamond jewellery which—
 - (i) originate in Russia, or
 - (ii) are located in Russia; or
- (c) the direct or indirect supply or delivery of diamonds or diamond jewellery from a place in Russia to a third country.

(2) Paragraph (1) is subject to Part 7 (Exceptions and licences).

(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with the offence of contravening that paragraph to show that the person did not know and had no reasonable cause to suspect that the financial services or funds (as the case may be) were provided in pursuance of or in connection with an arrangement mentioned in that paragraph.

Brokering services relating to diamonds and diamond jewellery

46Z16P.—(1) A person must not directly or indirectly provide brokering services in relation to any arrangements described in regulation 46Z16O(1).

(2) Paragraph (1) is subject to Part 7 (Exceptions and licences).

(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with the offence of contravening that paragraph to show that the person did not know and had no reasonable cause to suspect that the brokering services were provided in relation to an arrangement mentioned in that paragraph.”.

Amendment of regulation 60A (trade: exceptions in relation to personal effects etc.)

4.—(1) Regulation 60A is amended as follows.

(2) In paragraph (1D)—

(a) for “Chapter 4JA” substitute “Chapters 4JA and 4JB”;

(b) after “gold jewellery” wherever those words occur insert “or diamond jewellery”.

(3) In paragraph (2), insert in the appropriate place—

““diamond jewellery” has the meaning given in regulation 46Z16J (interpretation of Chapter 4JB);”.

Insertion of regulation 60GC (trade: exception in respect of the acquisition of diamonds and diamond jewellery)

5. After regulation 60GB insert—

“Trade: exception in respect of the acquisition of diamonds and diamond jewellery

60GC.—(1) The prohibitions specified in paragraph (2) do not apply in relation to diamonds and diamond jewellery located in the United Kingdom or the Isle of Man having been lawfully imported there.

(2) The prohibitions specified in this paragraph are those in—

(a) regulation 46Z16L(1) (acquisition of diamonds and diamond jewellery);

(b) regulation 46Z16N(1)(b) (technical assistance relating to diamonds and diamond jewellery);

(c) regulation 46Z16O(1)(b) (financial services and funds relating to diamonds and diamond jewellery);

(d) regulation 46Z16P(1) (brokering services relating to diamonds and diamond jewellery) insofar as it relates to the prohibition at regulation 46Z16O(1)(b).

(3) In this regulation, “diamonds” and “diamond jewellery” have the meanings given in regulation 46Z16J (interpretation of Chapter 4JB).”.

Amendment of regulation 85 (trade enforcement: application of CEMA)

6. In regulation 85(3B), after sub-paragraph (r) insert—

“(ra) regulation 46Z16L(3) insofar as the acquisition does not relate to the import of diamonds or diamond jewellery;

(rb) regulation 46Z16M(3);

(rc) regulation 46Z16N(3) insofar as it relates to the prohibitions at regulation 46Z16N(1)(b) and (c);

- (rd) regulation 46Z16O(3) insofar as it relates to the prohibitions at regulation 46Z16O(1)(b) and (c);
- (re) regulation 46Z16P(3) insofar as the brokering services provided relate to any arrangements described in regulation 46Z16O(1)(b) or (c);”.

Amendment and insertion of Schedules

7.—(1) In Schedule 3DA (Schedule 3DA revenue generating goods), in the table in Part 3, for the respective entries in columns 1 and 2 relating to commodity code 7104 substitute—

| <i>“(1) Commodity code</i> | <i>(2) Description</i> |
|----------------------------|---|
| 7104 10 | Piezoelectric quartz |
| 7104 29 | Synthetic or reconstructed precious or semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded synthetic or reconstructed precious or semi-precious stones, temporarily strung for convenience of transport; other unworked or simply sawn or roughly shaped |
| 7104 99 | Synthetic or reconstructed precious or semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded synthetic or reconstructed precious or semi-precious stones, temporarily strung for convenience of transport; other”. |

(2) After Schedule 3G insert Schedule 3GA (diamonds and diamond jewellery) which is set out in the Schedule to these Regulations.

12th December 2023

Anne-Marie Trevelyan
Minister of State
Foreign, Commonwealth and Development
Office

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

SCHEDULE

Regulation 7(2)

Insertion of Schedule 3GA

“SCHEDULE 3GA

Regulation 46Z16J

Diamonds and diamond jewellery

PART 1

General

1. Paragraph 1 of Schedule 3 applies for the purposes of interpreting Parts 2 and 3 of this Schedule.

PART 2

Diamonds

2. Any thing falling within a commodity code mentioned in column 1 of the following table.

| <i>(1) Commodity code</i> | <i>(2) Description</i> |
|---------------------------|---|
| 7102 10 | Unsorted diamonds |
| 7102 31 | Non-industrial diamonds, unworked or simply sawn, cleaved or bruted |
| 7102 39 | Non-industrial diamonds, other than unworked or simply sawn, cleaved or bruted |
| 7104 21 | Synthetic or reconstructed diamonds, unworked or simply sawn or roughly shaped |
| 7104 91 | Synthetic or reconstructed diamonds, other than unworked or simply sawn or roughly shaped |

PART 3

Diamond jewellery

3. Any thing falling within both a commodity code mentioned in column 1 of the following table and the corresponding description of that thing mentioned in column 2 of that table.

| <i>(1) Commodity code</i> | <i>(2) Description</i> |
|---------------------------|--|
| ex 7113 | Articles or jewellery and parts thereof, of precious metal or of metal clad with precious metal, incorporating diamonds |
| ex 7114 | Articles of goldsmiths’ or silversmiths’ wares and parts thereof, of precious metal or of metal clad with precious metal, incorporating diamonds |

| <i>(1) Commodity code</i> | <i>(2) Description</i> |
|---------------------------|---|
| ex 7115 90 | Other articles of precious metal or of metal clad with precious metal, incorporating diamonds, not elsewhere specified, excluding platinum catalysts in the form of wire cloth or grill |
| ex 7116 20 | Articles of natural or cultured pearls, precious or semi-precious stones (natural, synthetic or reconstructed), incorporating diamonds |
| ex 9101 | Wristwatches, pocket-watches and other watches, including stopwatches, incorporating diamonds, with case of precious metal or of metal clad with precious metal”. |

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).

In particular, these Regulations create prohibitions on the import, acquisition and supply and delivery of diamonds and diamond jewellery (as defined in the Schedule inserted by regulation 7(2)) which are located, originate in or are consigned from Russia and on the provision of ancillary services relating to those prohibitions (regulation 3). Regulations 4 and 5 create certain exceptions to those prohibitions.

Regulation 6 prescribes which of the offences created by the amendments at regulation 3 of these Regulations, may be referred to His Majesty’s Revenue and Customs for investigation.

Regulation 7(1) makes consequential amendments to the list of Schedule 3DA revenue generating goods.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen. Instead, a de minimis assessment has been prepared as this instrument is likely to entail some costs for businesses but the net impact is estimated to be below £5 million per year.