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STATUTORY INSTRUMENTS

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**2022 No. 194**

**The Russia (Sanctions) (EU Exit)  
(Amendment) (No. 2) Regulations 2022**

**Correspondent banking relationships etc.**

7. After regulation 17 (loans and credit arrangements) insert—

**“Correspondent banking relationships etc.**

**17A.—**(1) A UK credit or financial institution (“C”) (“the correspondent”) must not establish or continue a correspondent banking relationship with the following (“the respondent”)—

- (a) a designated person (“D”),
- (b) a UK credit or financial institution, which is owned or controlled directly or indirectly (within the meaning of regulation 7) by D, or
- (c) a non-UK credit or financial institution, which is owned or controlled directly or indirectly (within the meaning of regulation 7) by D,

if C knows, or has reasonable cause to suspect, that the correspondent banking relationship is with a designated person.

(2) C must not process a sterling payment to, from or via –

- (a) D,
- (b) a UK credit or financial institution, which is owned or controlled directly or indirectly (within the meaning of regulation 7) by D, or
- (c) a non-UK credit or financial institution, which is owned or controlled directly or indirectly (within the meaning of regulation 7) by D,

if C knows, or has reasonable cause to suspect, that the sterling payment is to, from or via such a person.

(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 this regulation, a reference to ‘processing’ a sterling payment includes the clearing and settlement of such a payment.

(6) In this regulation—

“correspondent banking relationship” means the provision of banking services by a correspondent to a respondent including providing a current or other liability account and related services, such as cash management, international funds transfers, cheque clearing, providing customers of the respondent with direct access to accounts with the correspondent (and vice versa) and providing foreign exchange services;

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

“non-UK credit or financial institution” means—

- (a) a person, other than an individual, which would satisfy the threshold conditions for permission under Part 4A of the Financial Services and Markets Act 2000<sup>(1)</sup> if it had its registered office (or if it does not have one, its head office) in the United Kingdom, or
  - (b) an undertaking, other than a UK credit or financial institution, which by way of business—
    - (i) operates a currency exchange office,
    - (ii) transmits money (or any representation of monetary value) by any means, or
    - (iii) cashes cheques that are made payable to customers;
- “UK credit or financial institution” means—
- (a) a person that has permission under Part 4A of the Financial Services and Markets Act 2000 (permission to carry on regulated activities), or
  - (b) an undertaking domiciled in the United Kingdom which by way of business—
    - (i) operates a currency exchange office,
    - (ii) transmits money (or any representation of monetary value) by any means, or
    - (iii) cashes cheques that are made payable to customers.”

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(1) 2000 c. 8. Part 4A was inserted by the Financial Services Act 2012 (c. 21), section 11(2) and most recently amended by the Financial Services Act 2021 (c. 22), section 28 and Schedule 11, paragraphs 2 and 3.