
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”).

The Regulations extend the existing finance, shipping and trade sanctions relating to the Autonomous Republic of Crimea and city of Sevastopol (“Crimea”) to the non-government controlled areas of the Donetsk oblast and Luhansk oblast of Ukraine (“non-government controlled areas of the Donetsk and Luhansk oblasts”). These areas are defined by reference to Decree Number 32/2019 issued by the President of Ukraine on 7th February 2019 under the Law of Ukraine of 18th January 2018 Nr. 2268-VIII “On the Peculiarities of State Policy on Ensuring the State Sovereignty of Ukraine over Temporarily Occupied Territories in Donetsk and Luhansk Oblasts”.

The Regulations also extend the relevant exceptions and licensing provisions to the non-government controlled areas of the Donetsk and Luhansk oblasts. The cut-off date for the exception in paragraph (1) of regulation 60 (exceptions relating to investments in relation to non-government controlled Ukrainian territory) permitting the satisfaction of obligations arising under a prior contract remains 20th December 2014 for contracts in relation to Crimea and, for contracts in relation to non-government controlled areas of the Donetsk and Luhansk oblasts, is 23rd February 2022.

The Regulations confer a power on the Secretary of State to provide that persons of a specified description are designated persons. As with persons designated by name, persons designated by description may be excluded from the United Kingdom and may be made subject to financial sanctions, including having their funds or economic resources frozen, or to shipping or aircraft sanctions.

The Regulations prohibit the provision to, or for the benefit of, a designated person of technical assistance relating to aircraft and ships. This includes a power to designate persons for the purposes of that sanctions measure, as well as relevant exceptions and licensing provisions.

The Regulations amend regulation 19 (circumventing etc. prohibitions) of the 2019 Regulations to include within the scope of those prohibitions regulation 18A (provision of financial services relating to foreign exchange reserve and asset management).

In addition, the Regulations make provision to correct an omission from the Russia (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2022 (S.I. 2022/194), namely to provide for Part A1 (Interpretation) of Schedule 5 (Treasury licences: purposes) to have effect.

The Regulations also make provision to correct or resolve a number of issues arising from the Russia (Sanctions) (EU Exit) (Amendment) (No. 6) Regulations 2022 (S.I. 2022/241): first, to remove the Secretary of State’s power to issue directions under regulation 57J(8) (movement of aircraft) and instead replace it with a power to issue a licence to authorise a movement of aircraft that would otherwise be prohibited; second, to ensure the effective resolution of conflicts between provisions of the Air Navigation Order 2016 and any direction under regulation 57J(9)(c) or (d) to suspend, rather than just revoke a permission; third, to ensure that regulation 63(1) (exception for acts done for purposes of national security or prevention of serious crime) applies to prohibitions in and under Part 6A (Aircraft); and fourth to amend regulation 80 (penalties for offences) to ensure that each offence in Part 6 (Ships) and Part 6A (Aircraft) may be enforced through the appropriate level of penalties.

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

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as this instrument is likely to entail some costs for businesses, but the net impact is estimated to be below £5 million per year.