
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”).

Regulation 3 amends the prohibitions relating to processing payments to provide that these apply to processing a payment in any currency which is received by a UK credit or financial institution but do not apply to the initial crediting of a payment to an account which is in the name of the credit or financial institution but not in the name of a customer of that credit or financial institution.

Regulation 4 amends existing definitions of certain products, both to add exclusions in relation to certain products where they fall within Schedule 2 to the Export Control Order 2008 (“the 2008 Order”) (S.I. 2008/3231) or Annex 1 of the Dual-Use Regulation(1) and to remove exclusions relating to certain products where they fall within Schedule 3 to the 2008 Order.

Regulation 5 extends the prohibitions relating to trade in luxury goods and regulation 9 amends the exceptions to those prohibitions consequentially.

Regulation 6 makes minor amendments to the prohibitions relating to relevant processed iron and steel products. Certain iron and steel products to which the prohibitions in Chapter 4C of Part 5 to the 2019 Regulations are to apply are added by regulation 22(10) and Schedule 1.

New prohibitions relating to trade in certain metals are created by regulations 7 and 22(11) and Schedule 2.

Regulation 8 amends the exceptions relating to the prohibition on processing payments in regulation 17A(2) of the 2019 Regulations.

Regulation 10 creates new exceptions to the prohibitions on G7 dependency and further goods and expands those for luxury goods where these relate to consumer communication devices and software updates.

Regulations 11 to 13 create exceptions for iron and steel products, relevant processed iron and steel products and metals where they were exported from Russia before the prohibition come into force or where they are already in free circulation in the United Kingdom.

Regulation 14 expands the exceptions from the prohibitions on G7 dependency and further goods in the case of emergencies.

Regulations 15 and 22(22) allow the Treasury to grant licences for certain activities carried out by a UK entity in order to divest itself of assets where those assets are subject to a sanction under the 2019 Regulations.

Regulation 16 creates new reporting obligations to be imposed on relevant firms in relation to funds and economic resources held by them for prohibited persons (as defined by the amendment contained in that regulation).

Regulation 17 creates new reporting obligations on designated persons themselves, regulation 18 prescribes the criminal penalty for breach of those obligations, regulation 20 provides that those obligations are to be regarded as not being financial sanctions legislation for the purposes of Part 8 of the Policing and Crime Act 2017 (c. 3) and regulation 21 allows the Treasury to impose civil monetary penalties for breaches of those obligations.

(1) Council Regulation (EC) No 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items;

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

Regulation 19 prescribes offences created by these Regulations, the suspected commission of which may be referred to His Majesty's Revenue and Customs for investigation.

Regulation 22—

- makes changes to the products covered by the prohibitions on trade in critical-industry goods and critical industry technology (paragraphs (2) to (8)), luxury goods (paragraph (9)), defence and security goods and defence and security technology (paragraphs (12) to (16) and Schedule 3) and G7 dependency and further goods (paragraphs (17) to (20)) and Schedules 4, 5 and 6);
- creates an additional ground on which the Treasury may licence the processing of payments which would otherwise be prohibited by regulation 17A(2) of the 2019 Regulations (paragraph (23));
- omits certain commodity codes and the associated descriptions (paragraph (24) and Schedule 7).

Minor consequential amendments on that made in regulation 3(2) are made by regulation 23.

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.