GUIDANCE TO ICPAC MEMBERS

Sanctions 101: Basic Principles of EU sanctions against Russia

Table of Contents

Introduction

This Guidance has been prepared to provide guidance to ICPAC Members to enable them to navigate through the legal and regulatory framework of EU Regulations on Sanctions and understand the obligations and risks of breach and circumvention of sanctions and in general of non-compliance with relevant Regulations.

It is stressed that apart from the legally binding EU sanctions and restrictive measures framework, other jurisdictions' sanctions may still apply that could affect the business relationship, e.g., USA sanctions, UK sanctions, Australian sanctions, Canada sanctions etc. Even if the business relationship seems unaffected by other jurisdictions sanctions, firms should consider their exposure to such sanctions and the relevant risk they carry, e.g., reputational risk, especially given that some jurisdictions, e.g., USA have the capacity to impose secondary sanctions. Though, it is highlighted that this guidance does not apply to the practical implementation of sanctions of other jurisdictions, since each jurisdiction adopts and imposes different designation criteria, ownership and control criteria, applicable derogations etc.

Scope of application

The Guidance aims to enhance awareness and knowledge on EU Sanctions and achieve consistency in complying with Laws and Regulations. The Guidance endeavours to summarise the requirements of the Regulations issued in response to Russia's actions destabilizing the situation in Ukraine.

Any information provided in this Guidance is not meant to be treated as the opinion of ICPAC as it is based on resources issued by the European Commission and should be read in conjunction with the EU Regulation. Finally, this Guidance does not represent, under any circumstances, legal advice.

#1 Sanctions in place

I. Russia

Regulation (EU) 269/2014 (Designated persons)[1] *Firms should be aware that last amendments to the Regulation may not be incorporated into the consolidated version immediately. Hence, you are strongly advised to check the actual amendments to the Regulation as appear in the Official Journal of the European Union in order to assess whether a person is a designated person or not. This Regulation is the **asset freezing** Regulation.	
Significant provisions:	
Article 2	freezing of all funds and assets and prohibition in making funds available
Article 4	Derogations **subject to authorization** by a competent authority: ○ For basic needs ○ For payment of **reasonable** professional fees ○ For payment of service charges for holding or maintenance of frozen funds ○ Necessary for extraordinary expenses
Article 6	Derogations relating to prior contracts **subject to authorization** by a competent authority: ○ Provided the payment being due was under a contract concluded (signed) before the date the natural or legal person was designated, but conditional to certain conditions applying.
Article 7	Additions to frozen accounts ○ Crediting of funds received by third parties to the accounts of Designated

[1] Consolidated version as of 15.09.2023

	Persons, provided the accounts remain **frozen**
Article 8	Reporting obligations ○ Any natural or legal person shall inform the competent authority of the Member State of any information on accounts frozen and any information regarding assets transferred, used etc.
Article 9	Circumvention provisions
Annex I	List of designated persons

Regulation (EU) 833/2014 (sectoral sanctions)[2]

*Firms should be aware that last amendments to the Regulation may not be incorporated into the consolidated version immediately. Hence, you are strongly advised to check the actual amendments to the Regulation as appear in the Official Journal of the European Union in order to assess whether your business relationship is affected by the sanctions provisions.

This Regulation introduces **sectoral sanctions** in relation to various sectors of the Russian economy, e.g., banking sector, financial sector, trade sector, provision of services etc.

Main provisions	
Article 2	Prohibition on **dual-use goods and technology**
Article 2e	Prohibition on providing **public funding in Russia** except for up to €10m for the benefit of small and medium sized enterprises and for financing for trade in food, agriculture, medical and humanitarian purposes
Article 3	Prohibitions on the sale, supply, transfer of export to any natural or legal person in Russia, the **goods and technology as listed in Annex II**
Article 3a	Prohibitions in the participation or financing of Russian companies or any other third country company with operations in the **energy sector** in Russia
Article 3b	Prohibitions relating to **oil refining or natural gas**
Article 3c	Prohibitions to providing goods and technology relating to the **aviation industry or to the space industry** to any natural or legal person in Russia or for use in Russia

[2] Consolidated Regulation as of 01.10.2023

Article 3ea	Prohibitions to providing **access to ports** and to **locks to vessels** registered under the flag of Russia. Except for leaving the territory of the Union.
Article 3f	Prohibitions on **maritime navigation goods**
Article 3g	Prohibitions on **iron and steel products**
Article 3h	Prohibitions on **luxury goods** if their per item value exceeds €300
Article 3i	Prohibitions on goods that would **generate significant revenue** for Russia
~~**Article 3j**~~[3]	~~Prohibitions on **coal**~~
Article 3l	Prohibitions on **transport goods by road**
Article 3m	Prohibitions on purchase, import or transfer, **crude oil or petroleum products** originated or exported from Russia
Article 3n	Prohibitions on providing assistance for trade, brokering or transport through third countries of **crude oil or petroleum** products originated or exported from Russia
Article 3o	Prohibitions on **gold**
Article 5	Prohibitions on **transferable securities and money-market instruments**
Article 5b	Prohibitions on **accepting any deposits** from Russian nationals or natural persons residing in Russia, legal persons, entities or bodies established in Russia or a legal person, entity or body established outside the Union and whose proprietary rights are directly or indirectly owned for more than 50 % by Russian nationals or natural persons residing in Russia, if the total value of deposits of that natural or legal person, entity or body per credit institution exceeds EUR 100 000 and the provision of crypto-asset wallet, account or custody services to Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia.
Article 5f	Prohibitions on the **selling of transferable securities issued after 12 April 2022** to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia, unless natural person has a Member-State citizenship or a temporary or permanent residence permit. Transferable securities include the shares of private companies as well.

[3] As per Council Regulation (EU) 2023/1214 of 23 June 2023 amending Regulation (EU) No 833/2014

Article 5m	Prohibitions on the provision to provide a registered office, business or administrative address as well as management **services to, a trust or any similar legal arrangement** having as a trustor or a beneficiary: a. Russian nationals or natural persons residing in Russia; b. legal persons, entities or bodies established in Russia; c. legal persons, entities or bodies whose proprietary rights are directly or indirectly owned for more than 50 % by a natural or legal person, entity or body referred to in points (a) or (b); d. legal persons, entities or bodies controlled by a natural or legal person, entity or body referred to in points (a), (b) or (c); e. a natural or legal person, entity or body acting on behalf or at the direction of a natural or legal person, entity or body referred to in points (a), (b), (c) or (d).
Article 5n	Prohibitions on the provision of directly or indirectly, **accounting, auditing, including statutory audit, bookkeeping or tax consulting services, or business and management consulting or public relations services** to: a. the Government of Russia; or b. legal persons, entities or bodies established in Russia. Also, architectural and engineering services, legal advisory services, IT consultancy services, market research and public opinion polling services, technical testing and analysis services and advertising services
Article 5r	Reporting obligations ○ Any legal persons, entities and bodies established in the Union whose proprietary rights are directly or indirectly owned for more than 40 % by: (a) a legal person, entity or body established in Russia; (b) a Russian national; or (c) a natural person residing in Russia, shall, report to the competent authority any transfer of funds exceeding 100 000 EUR out of the Union that they made, directly or indirectly, in one or several operations.

Article 11	No claims in connection to transactions or contracts affected by the Regulation will be satisfied
Article 12	Circumvention provisions
Annex II	List of items referred to in Article 3
Annex III	List of persons referred to in Article 5(1)(a)
Annex V	List of persons referred to in Article 5(3)(a)
Annex VI	List of persons referred to in Article 5(3)(b)
Annex VII	List of goods and technology referred to in Articles 2a(1) and 2b(1)
Annex X	List of goods and technology referred to in Article 3b(1)
Annex XI	List of goods and technology referred to in Article 3c(1)
Annex XII	List of legal persons referred to in article 5(2)
Annex XIII	List of legal persons referred to in article 5(4)(a)
Annex XIV	List of legal persons referred to in article 5h
Annex XVI	List of goods and technology referred to in article 3f
Annex XVII	List of iron and steel products referred to in article 3g
Annex XVIII	List of luxury goods referred to in article 3h
Annex XX	List of jet fuels and fuels additives referred to in article 3c
Annex XXI	List of goods and technology referred to in article 3i
~~**Annex XXII**~~[4]	~~List of coal products referred to in article 3j~~
Annex XXIII	List of goods and technology referred to in article 3k
Annex XXV	List of crude oil and petroleum products referred to in articles 3m and 3n
Annex XXVI	List of gold products referred to in article 3o
Annex XXX	List of goods referred to in article 3a

II. Belarus

Regulation (EC) 765/2006

- Similar sectoral prohibitions as for Russia and list of designated persons

[4] As per Council Regulation (EU) 2023/1214 of 23 June 2023 amending Regulation (EU) No 833/2014

#2 Useful sanctions tools

EU Sanctions Map	It contains all relevant information regarding all EU sanctions regimes in place, including whistleblower tool, competent authorities, consolidated lists, legal acts. Information is based on each country. Also, the page includes thematic restrictions, chemical weapons, cyber-attacks, human rights and terrorism.
TARIC Database	It provides all import and export controls in place in the EU. It can be searched by measures, geographical areas and Regulations. It provides details, description, code and status of the goods referred to in the Regulations, including dual-use goods and FAQs.
EU Best Practices for the effective implementation of EU restrictive measures	It contains guidance relating to the identification of designated persons, asset freezing, funds, economic resources, ownership and control etc.
Sanctions package timeline	It gives an overview of the EU restrictive measures adopted against Russia and Belarus in 2022 and 2023, due to Russia's war of aggression against Ukraine.

EU Commission FAQs on Russia sanctions	
EU Commission FAQs on Russia sanctions: The page includes a **consolidated version** of the FAQs, **per subject FAQs** and how to get notifications.	
Consolidated FAQ version[5]	Includes all amendments and is updated regularly through the above webpage.

[5] Consolidated version as of 23 October 2023

Per subject FAQs	
Horizontal questions	Includes General questions, Circumvention and Due diligence related questions and execution of contracts and claims questions.
Individual financial measures	Questions relating to asset freezes based on Regulation (EU) 269/2014
Finance and Banking	Questions relating to: ▪ specialized financial messaging services (article 5h of Regulation (EU) 833/2014 (sectoral sanctions)), ▪ insurance and reinsurance (articles 3c, 3m and 3n of Regulation (EU) 833/2014 (sectoral sanctions)), ▪ central securities depositories (articles 5e and 5f (transferable securities) of Regulation (EU) 833/2014 (sectoral sanctions)) ▪ and deposits (articles 5b, 5c and 5g of Regulation (EU) 833/2014 (sectoral sanctions))
Trade and Customs	Questions relating to: ▪ customs related matters concerning both Regulations, ▪ Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts concerning Regulation 833/2014 (sectoral sanctions), ▪ export-related restrictions for dual-use goods and advanced technologies (articles 2, 2a and 2b of Regulation 833/2014), ▪ imports, purchase and transfer of listed goods (articles 3g, 3i, 3j, 3m and 3o of Regulation 833/2014), ▪ transit of listed goods via Russia (articles 2, 2a, 3, 3b, 3c, 3f, 3g, 3h, 3i, 3j and 3k of Regulation 833/2014),

	▪ transport of goods in transit through the Union between the Kalinigrand Oblast and Russia (concerning Regulation 833/2014), ▪ luxury goods (article 3h of Regulation 833/2014) ▪ technical assistance (article 1(c) and 1(d) of Regulation 833/2014) ▪ maritime safety (articles 2(4)(d), 2a(4)(d) and 3f of Regulation 833/2014) ▪ financial assistance (concerning both Regulations)
Energy	Questions relating to: ▪ Oil price cap (article 3n of Regulation 833/2014) ▪ Oil imports (articles 3m and 3n of Regulation 833/2014) ▪ Oil reporting obligation (articles 3m(3)(a)-(b) and 3m(10) of Regulation 833/2014) ▪ Gas imports (concerning Regulation 833/2014) ▪ Energy financing (article 3a of Regulation 833/2014)
Agricultural products	Questions relating to food, agricultural goods, fertilizers and related products
Sector specific questions	Questions relating to: ▪ State-owned enterprises (article 5aa of Regulation 833/2014) ▪ Aviation (article 3c and 3d of Regulation 833/2014) ▪ Humanitarian aid (concerning both Regulations)

	▪ Medicines and medical devices (articles 2, 2a, 3k, 3l, 3ea and 5aa of Regulation 833/2014) ▪ Media (article 2f of Regulation 833/2014) ▪ Provision of services (article 5n of Regulation 833/2014) ▪ Chemicals (article 5aa and 11 of Regulation 833/2014 and concerning Regulation 269/2014) ▪ Access to EU ports (article 3ea of Regulation 833/2014) ▪ Intellectual property rights (article 5aa of Regulation 833/2014 and concerning Regulation 269/2014) ▪ Public procurement (article 5k of Regulation 833/2014) ▪ Road transport (article 3l of Regulation 833/2014) ▪ Trust services (article 3m of Regulation 833/2014)

#3 Basic principles of sanctions

I. How to navigate through the ownership and control criteria[6]

Ownership

! There is NO PERCENTAGE contained within the Regulation (EU) 269/2014 as regards ownership or control.
HOWEVER, according to the position adopted in the EU Best Practices for the effective implementation of the EU restrictive measures, a 50% ownership criterion could be taken into consideration as set in Regulation 2580/2001 "The Combating of Terrorism" Regulation.
A recent referral to the European Court of Justice (ECJ) in C – 109/32 will determine the status of the adoption of the FAQs and Best Practices by the ECJ.

Control

The criteria to be taken into account, could include, *inter alia*:

a. having the right or exercising the power to appoint or remove a majority of the members of the administrative, management or supervisory body of such legal person or entity;
b. having appointed solely as a result of the exercise of one's voting rights a majority of the members of the administrative, management or supervisory bodies of a legal person or entity who have held office during the present and previous financial year;
c. controlling alone, pursuant to an agreement with other shareholders in or members of a legal person or entity, a majority of shareholders' or members' voting rights in that legal person or entity;
d. having the right to exercise a dominant influence over a legal person or entity, pursuant to an agreement entered into with that legal person or entity, or to a provision in its Memorandum or Articles of Association, where the law governing that legal person or entity permits its being subject to such agreement or provision;

[6] Criteria as adopted in the EU Best Practices for the effective implementation of the EU restrictive measures

e. having the power to exercise the right to exercise a dominant influence referred to in point (d), without being the holder of that right;
f. having the right to use all or part of the assets of a legal person or entity;
g. managing the business of a legal person or entity on a unified basis, while publishing consolidated accounts;
h. sharing jointly and severally the financial liabilities of a legal person or entity, or guaranteeing them.

II. Making indirectly available funds or economic resources to designated persons and entities

- If ownership or control is established, then making available funds or economic resources to non-listed entities owned or controlled by designated persons, would be considered as making **indirectly** available funds or economic resources to the designated persons.[7]
- In cases where an asset freeze applies to the funds and economic resources of a credit or financial institution, e.g., VTB Bank, Rossiya Bank etc, the release of funds from accounts of non-targeted persons or entities held in the targeted credit or financial institution is covered by the "prior contracts" derogation, provided the account was opened before the date of designation of the targeted entity.[8]

III. Derogations

- There is no established norm for derogations but rather they must be provided by the relevant Regulations.
- For asset freezing Regulations, e.g., Regulation 269/2014, derogations are based on four pillars[9]:
  - Basic needs
  - Right of ownership
  - Right of defense
  - Humanitarian aid
- The above pillars may include:

[7] As adopted in the EU Best Practices for the effective implementation of the EU restrictive measures, p. 24, par. 66
[8] As adopted in the EU Best Practices for the effective implementation of the EU restrictive measures, p. 23, par. 74
[9] Article 4(1) of Regulation 269/2014

- basic needs of designated persons, including in relation to payments for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges;
- right of defense in relation to expenses associated with the provision of legal services;
- right of ownership of the designated person or entity (as the freezing of assets does not affect the ownership of the designated person or entity, but the ability to use the funds);
- right of ownership of the non-designated legal person or entity where the frozen funds are held;
- right of ownership of both the designated person or entity and a non-designated person or entity in relation to contracts concluded between them before the designation;
- international law on diplomatic and consular relations;
- human safety and environmental protection; or
- humanitarian purposes, such as, for example, delivering or facilitating the delivery of assistance, including medical supplies, food, or the transfer of humanitarian workers and related assistance or for evacuations from a targeted country.

- For Regulation 833/2014 (sectoral sanctions) there is no specific set of derogations applying for sectoral sanctions. Rather, derogations are specified for in each individual article.

- Derogations **DO NOT** apply automatically but require **PRIOR AUTHORISATION** by the competent authority of the Member State.

  In Cyprus, as per available knowledge, SEOK is the competent authority responsible for payments and MEK is the competent authority responsible for services. For example, an obliged entity wishing to service a designated person must first obtain a license to provide the service and subsequently, at the time of payment, it must obtain, through its credit institution, a different license for the payment.

  Note that, during the assessment of the payment, SEOK will consider the **reasonableness** of the amount requested. As such, if a license for the payment is granted, it may not cover the full amount requested.

  Also, for essential services, the Ministry of Finance has issued an announcement stating that it is up to the obliged entities to determine whether the service they wish to provide falls within the essential services, **but** if during assessment of the payment by SEOK, it is

identified that the service does not constitute an essential service, then payment will not be processed and a breach of sanctions will have taken place!

IV. Circumvention

All persons should be aware of any circumvention concerns. Furthermore, if any person, knowingly and intentionally, participates in activities the object of which is to avoid sanctions, commits a criminal offence.

Although, there is no agreed set of activities that may constitute circumvention, firms should be aware that funds belonging to a non-designated person, but which are controlled by a designated person should be frozen as well. This extends to companies that may not be owned by a designated person, but which are controlled by one. Also, joint accounts or assets held jointly by a designated and a non-designated person, are also covered in their entirety by the sanctions Regulations. If, for example, a company is jointly owned or controlled by both a designated and a non-designated person, the non-designated person should seek authorization by MEK to severe. Nonetheless, due care should be given to circumvention efforts if the result of the severance is the moving of funds or ultimate control of the assets by the designated person.

#4 FAQs by ICPAC members

a. Are Russian subsidiaries of Cyprus companies captured under the EU sanctions?

EU sanctions do not apply **extra-territorially**. In accordance with Article 13, the Regulation applies:

i. within the territory of the Union
ii. on board any aircraft or any vessel under the jurisdiction of a Member State
iii. to any person inside or outside the territory of the Union who is a national of a Member State
iv. to any legal person, entity or body, inside or outside the territory of the Union, which is incorporated or constituted under the law of a Member State
v. to any legal person, entity or body in respect of any business done in whole or in part within the Union.

Therefore, EU sanctions must be complied with **by all EU persons** – both natural and legal – and therefore by **all EU incorporated companies**, including subsidiaries of Russian companies in the EU. Russian branches of EU companies remain EU persons, and thus bound by the Regulation. By contrast, Russian subsidiaries of EU parent companies are incorporated under Russian law, not under the law of a Member State, hence they are not bound by the measures. However, it is prohibited for EU parent companies to use their Russian subsidiaries to circumvent the obligations that apply to the EU parent, for instance by delegating to them decisions which run counter the sanctions, or by approving such decisions by the Russian subsidiary.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – A. Horizontal – General Questions, Q.14")*

b. Are Russian branches of Cyprus companies captured under the EU sanctions?

Russian branches of EU companies remain EU persons, and thus bound by the Regulation.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – A. Horizontal – General Questions, Q.14")*

c. What is the position of a CY subsidiary company if its parent company is a sanctioned entity?

If the ownership or control is established in accordance with the above criteria, the making available of funds or economic resources to non-listed legal persons or entities which are owned or controlled by a listed person or entity will in principle be considered as making them indirectly available to the latter, unless it can be reasonably determined, on a case-by-case basis using a risk-based approach, taking into account all of the relevant circumstances, including the criteria below, that the funds or economic resources concerned will not be used by or be for the benefit of that listed person or entity.

*(Answer provided in the "Update of the **EU Best Practices** for the effective implementation of the restrictive measures", p. 23, para. 66)*

d. Can I provide audit services to a Russian entity?

As of 4 June 2022, it is prohibited to provide, directly or indirectly, accounting, auditing, including statutory audit, bookkeeping and tax consulting services, as well as business and management consulting or public relations services (Article 5n of Council Regulation 833/2014) to the **Russian government**, as well as to legal persons such as companies and other entities or bodies **established in Russia**.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Provision of Services, Q.1")*

e. Can I provide audit services to CY companies that are subsidiaries of a Russian company?

It is not prohibited to provide services to non-Russian entities, that is entities not established in Russia, even if they are subsidiaries of entities established in Russia. The use of the term "indirectly" in paragraph 1 of Article 5n means for example that it is prohibited for an EU auditing services provider to provide services to EU or other non-Russian entities that are subsidiaries of entities established in Russia if those services would actually be for the benefit of the parent company established in Russia. Article 12 prohibits knowing and intentional participation in activities the object or effect of which is to circumvent prohibitions in the Regulation.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Provision of Services, Q.4")*

f. Can I provide audit services to CY parent companies which have subsidiaries Russian companies?

As of 4 June 2022, it is prohibited to provide, directly or indirectly, accounting, auditing, including statutory audit, bookkeeping and tax consulting services, as well as business and management consulting or public relations services (Article 5n of Council Regulation 833/2014) to the Russian government, as well as to legal persons such as companies and other entities or bodies established in Russia.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Provision of Services, Q.1")*

g. Can I provide audit services to CY companies which are considered sanctioned or have a sanctioned UBO/ director?

Provision of audit services to CY companies that are not considered themselves sanctioned, is allowed. In the case where the CY company is itself sanctioned or considered sanctioned due to application of ownership and control criteria, the derogation regarding "essential services" could apply due to article 142 of the CY Companies Law. Based on the Ministry of Finance's announcement of 13.4.2022 the provision of **essential services** to designated persons does not require prior authorization by SEOK. But, if during the examination for authorization of the payment for the provision of the audit service, the provided service is **not** considered an essential service, then payment will not proceed and a breach of sanctions would have taken place.

(Answer provided in European Commission Opinion of 29.8.2019 and Ministry of Finance's announcement of 13.4.2022)

h. What if my client has a minority shareholder who is sanctioned? Should my client be considered sanctioned as well?

The client should only be considered sanctioned if either the ownership or control criteria apply. In any other case, the client would not be considered sanctioned, but due care should be given not to make any funds or economic resources available to the sanctioned person. Also, circumvention considerations should apply.

*(Answer provided in Update of **EU Best Practices** for the effective implementation of the restrictive measures, p. 24, para.62-64)*

#5 Other useful FAQs by sector

I. Horizontal

a. How should the term 'transfer' in the context of trade-related prohibitions be interpreted?
The trade-related prohibitions in Council Regulation 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, are, as in most other sanctions regulations, drafted in a very broad way in order to ensure that a maximum array of operations around the actual export or import are prohibited. This means that, in addition to exports, EU sanctions also prohibit the sale and supply of the relevant products to specific categories of beneficiaries, or for use in specific territories; in addition to import, EU sanctions also prohibit the purchase of the relevant products to specific categories of beneficiaries, or for use in specific 12 territories. In both cases, the transfer of the relevant products, as well as brokering services, technical and financial assistance in relation to their purchase or sale are also prohibited. Specifically, transfer is a broad concept covering a wide range of operations: not only the movement of goods through customs controls, but also the transport of goods, including (but not exhaustively) their loading and trans-shipment. The transfer prohibition applies not only in relation to an actual import or export (e.g. with the goods entering or exiting the EU customs territory), but also when those products do not enter the EU, but are transferred between Russia and a third country (and vice-versa). In such a case, EU operators are prohibited from providing transfer services as described above. *(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – A. Horizontal – General Questions, Q.16")*

b. Does Council Regulation No. 833/2014 apply to EU branches of Russian parent companies?

A branch of a Russian parent company does not have legal personality on its own and is considered as an entity established in Russia. Therefore, the restrictive measures for Russian entities apply equally to a branch in the EU. Moreover, to the extent that the activity of the branch is carried out in the EU, it will be bound to respect EU sanctions itself.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – A. Horizontal – General Questions, Q.17")*

c. Are automatic renewals of contracts signed before 2 March 2022 permitted?

No. The tacit prolongation of a contract is treated as a new contract and is therefore prohibited.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – A. Horizontal – Execution of Contracts and Claims, Q.6")*

d. When an article of Council Regulation 833/2014 provides for an exception allowing for the execution of a prior contract until a specific date, does it allow for the payment on the basis of such contract by the EU operation to its Russian counterpart after this date?

It is the Commission's view that an exception allowing for the execution of prior contracts until a specified date would not allow for a payment to be made to the Russian counterpart beyond that date. Since the payment is part of the execution of the contract, EU operators are prohibited from making such a payment thereafter, even if the goods originating in Russia have already been received. Questions on the concrete application of EU sanctions in specific cases should be addressed to the relevant national competent authority.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – A. Horizontal – Execution of Contracts and Claims, Q.10")*

II. Individual Financial Measures

a. **If, before the listing took effect, the assets of a listed person were transferred to a non-listed third person (e.g. a family member), do the assets still need to be frozen?**

Article 2(1) of Council Regulation (EU) No 269/2014 does not apply retroactively. However, it does require the freezing of all assets currently belonging to, or held, owned or controlled by listed persons. If, at the time of the assessment, there are reasonable grounds to believe that certain assets "belong to" or are "controlled by" the listed person, even if they are nominally owned by someone else, then these assets must be frozen under Article 2(1). It does not matter when the assets were transferred. In what regards the assessment, the criteria exemplified in the past by the Commission in the context of 'control' were non-exhaustive. In situations involving third persons (and possible family ties), other elements could also be taken into account, such as:

- the closeness of business and family ties between the listed person and the third person;
- the professional independence of the third person now owning the assets;
- previous gifts given to the third person and how they compare to the transaction in question;
- the frequency/regularity of previous gifts to the third person;
- the content of formal agreements between the listed person and the third person;
- the nature of the assets (e.g. whether these are shares in a company owned or controlled by the listed person).

(Answer provided in "Commission Consolidated ***FAQs*** *on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – B. Individual Financial Measures – Asset Freeze and Prohibition to make funds and economic resources available, Q.5")*

b. Aggregate ownership: If two or more listed persons are each minority shareholders of a non-listed entity, but their aggregate ownership amounts to more than 50% of that entity, should that entity be considered as owned by listed persons?

One should take into account the aggregated ownership of the entity. For example, if one listed person owns 30% of the entity and another listed person owns 25% of the entity, the entity should be considered as owned by listed persons.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – B. Individual Financial Measures – Asset Freeze and Prohibition to make funds and economic resources available, Q.8")*

c. Is it allowed to pay dividends to persons listed in Council Regulation (EU) No 269/2014 or to persons targeted by the financing restrictions in Council Regulation (EU) No 833/2014?

Dividends may be paid to the frozen accounts of persons listed in Annex I to Council Regulation (EU) No 269/2014, as per the derogation laid down in Article 7(2)(b). In that case, the dividends must also be immediately frozen. Separately, note that dividends may still be paid to legal persons and entities subject to a financing ban pursuant to Article 5 of Council Regulation (EU) No 833/2014 (e.g. credit institutions, Russian state-owned enterprises).

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – B. Individual Financial Measures – Asset Freeze and Prohibition to make funds and economic resources available, Q.19")*

d. What does the reinforced reporting obligation in Article 8 entail?

Previously, Article 8 required all persons under EU jurisdiction to supply to Member States and to the Commission any information "which would facilitate compliance with the Regulation". This included, in particular, information on assets already treated as frozen.

The now-reinforced Article 8 explicitly requires persons under EU jurisdiction to also report any information in their possession about assets not yet treated as frozen. This could include, for instance, assets concealed by the listed persons or assets not adequately handled somewhere in the Union. In addition, Article 8 now applies "notwithstanding the applicable rules concerning reporting, confidentiality and professional secrecy". In other words, it would trump relevant agreements entered into by the EU operators in question, who would be obliged to report all relevant data including names, individual assets and dates of transfers.

It should be noted however that EU sanctions legislation guarantees in particular the right to an effective remedy and the right to defence, as laid down in the Charter. Therefore, in principle, while the reinforced reporting obligation would cover most services and activities linked to listed persons, it should not cover information received as part of legal representation in court proceedings.

EU sanctions law is to be applied in line with all other rights and freedoms in the Charter, including the right to protection of personal data. Article 8(3) already indicates that any information provided or received in accordance with that article must be used "only for the purposes for which it was provided or received".

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – B. Individual Financial Measures – Asset Freeze and Prohibition to make funds and economic resources available, Q.30")*

e. What does the new reporting obligation in Article 9 entail?

For the first time, listed persons and entities are obliged to disclose to Member States' competent authorities funds or economic resources belonging to, owned, held or controlled by them which are located within EU jurisdiction.

This new obligation comes in response to the increasing complexity of sanctions evasion schemes, and it will help ensure that those assets are traced more effectively. Non-compliance with this obligation (i.e., failure to report on time) would be treated as a breach of EU sanctions law, with the consequences that follow under each Member State's national legislation, including criminal penalties.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – B. Individual Financial Measures – Asset Freeze and Prohibition to make funds and economic resources available, Q.31")*

f. When does the firewall derogation apply? What are the consequences if a derogation is granted but the firewall does not effectively decouple the listed person and the EU-based company?

The derogation from Article 2 of Regulation (EU) No 269/2014 allows the national competent authorities to authorise the release of certain frozen funds or economic resources belonging to, owned, held or controlled by a listed natural or legal person, entity or body, or the provision of services to such a natural or legal person, entity or body, under such conditions as the relevant national authorities deem appropriate.

The derogation only applies if the relevant conditions are met, and notably provided that: (i) the authorisation is strictly necessary for the setting-up, certification or evaluation of a firewall; (ii) the firewall effectively removes the control by the listed person, entity or body over the assets of a non-listed EU person, which is owned or controlled by the former and (iii) ensures that no further funds or economic resources accrue for the benefit of the listed person, entity or body (see also Question 33 of the FAQ on the provision of services regarding the corresponding derogation from the services prohibitions).

If a firewall is not effectively established, the presumption is not rebutted and the NCA must keep the entity's assets frozen. In addition, in the event of non-compliance with the firewall commitments, the entity and the relevant individuals must be held accountable according to Member State penalties applicable to infringements of the provisions of the relevant EU Regulation.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – B. Individual Financial Measures – Asset Freeze and Prohibition to make funds and economic resources available, Q.44")*

III. Finance and Banking

a. What are the criteria to identify legal persons, entities or bodies acting on "behalf or at the direction of" pursuant to Article 5(1)(c) of Council Regulation (EU) 833/2014?

The Commission Opinion of 17 October 2019 provides guidance on how to determine whether an entity is acting on behalf or at the direction of an entity listed in Annex III to Regulation 833/2014. Generally speaking, 'acting on behalf or at the direction of an entity' is distinct from the notions of ownership and control. While ownership of or control over an entity is an element that can be considered to increase the likelihood of such conduct, they cannot suffice in determining whether an entity is acting on behalf or at the direction of another entity. EU operators should take into account all the relevant circumstances in order to assess the situation at hand.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – C. Finance and Banking - Trading, Q.11")*

b. Does Article 5(1) of Council Regulation (EU) No 833/2014 cover existing securities or does it apply only to new securities (issued after 12 April 2022)?

It depends on whether the security was subject to previous sanctions or not. Please see the conditions set out under Article 5(1): "It shall be prohibited to directly or indirectly purchase, sell, provide investment services for or assistance in the issuance of, or otherwise deal with transferable securities and money-market instruments with a maturity exceeding 90 days, issued after 1 August 2014 to 12 September 2014, or with a maturity exceeding 30 days, issued after 12 September 2014 to 12 April 2022 or any transferable securities and money market instruments issued after 12 April 2022".

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – C. Finance and Banking - Trading, Q.14")*

c. Are EU parent companies obliged to report deposits from Russian persons or entities for the entire group on a consolidated basis (including deposits at their non-EU subsidiaries)?

EU sanctions do not apply extra-territorially. Third-country subsidiaries of EU parent companies are incorporated under third-country law, not under the law of a Member State. They are therefore not expected to comply with Article 5g of Council Regulation 833/2014.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – C. Finance and Banking - Deposits, Q.8")*

d. Does the prohibition for EU credit institutions to accept deposits from Russian legal and natural persons, or from a legal person, entity or body established outside the Union and whose proprietary rights are directly or indirectly owned for more than 50 % by Russian nationals or natural persons residing in Russia) above EUR 100 000 refer only to new or also to existing deposits?

The prohibition is to accept any new deposits if the total value of deposits of the natural or legal person, entity or body per credit institutions exceeds EUR 100 000. Implicitly this means that those deposits that are already in EU banks can remain there but their value cannot be further increased above EUR 100 000. The reporting obligation applies to all deposits that exceed the specified value. In practice, this means that:

1. For new deposits:

EU operators must not accept (new) deposits if the total value of deposits of the natural person or legal person, entity or body per credit institution exceeds EUR 100 000.

2. For existing deposits:

• If the natural person or legal person, entity or body had more than EUR 100 000 in deposit on the day of entry into force of the Regulation (26 February 2022; or 21 July 2022 for a legal person, entity or body established outside the Union and whose proprietary rights are directly or indirectly owned for more than 50 % by Russian nationals or natural persons residing in Russia), the relevant deposit is grandfathered. This means that the natural person or legal person, entity or body is entitled to keep the money and do whatever he/she/it wants (e.g.

withdraw, leave in the account), but he/she/it cannot increase the balance in a way that would exceed EUR 100 000 (unless the competent authority of a Member State grants an authorisation under Article 5c or 5d)

• If the natural person or legal person, entity or body had less than EUR 100 000, it is entitled to increase the account balance up to EUR 100 000 (but not more) per credit institution.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – C. Finance and Banking - Deposits, Q.14")*

e. Does the concept of "total value" have to be calculated taking into account customers' accounts in currencies different from the euro?

Yes, the total value should take into account all deposits per credit institution, irrespective of the currency in which they are denominated.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – C. Finance and Banking - Deposits, Q.22")*

f. Does the prohibition in Article 5f of Council Regulation 833/2014 apply to transferable securities issued by private companies as well or should it should be interpreted as only referring to transferable securities issued by public companies?

The prohibition laid down in Article 5f of Council Regulation 833/2014 applies to transferable securities issued by both public and private companies after 12 April 2022. The purpose of this provision is to avoid the circumvention of other refinancing prohibitions laid down in the Regulation by limiting the access of any natural or legal person, entity or body in Russia to securities denominated in the official currency of a Member State.
*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – C. Finance and Banking – Sale of Securities, Q.1")*

g. Does the prohibition in Article 5f of Council Regulation 833/2014 cover the sale of transferable securities to non-Russian entities that are owned by a Russian national or natural person residing in Russia?

The prohibition in Article 5f only applies to the sale of transferable securities to Russian nationals or natural person residing in Russia or any legal person, entity or body established in Russia. Strictly speaking, it does not apply to entities owned by Russian nationals or natural persons residing in Russia when the entities are registered in a country other than Russia. However, the provision should be read in conjunction with Article 12 of Council Regulation 833/2014 which prohibits to participate knowingly and intentionally in activities the object or effect of which is to circumvent prohibitions in the Regulation. EU operators should therefore exert enhanced due diligence to make sure that they are not selling securities denominated in the official currency of a Member State to an entity owned by a Russian national or a natural person residing in Russia.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – C. Finance and Banking – Sale of Securities, Q.2")*

IV. Trade and Customs

a. What does the "ex" mean before some CN codes in the annexes of Regulation 833/2014?

When a CN code is preceded by an "ex", it means that not all goods under the relevant CN code are covered by the prohibition but only a subset, which can be those corresponding to the description that appears in the table, in the title or sub-title of the relevant annex or in the relevant article in the Regulation. For example, in Annex X, for CN Code 8419 89 10 "Cooling towers and similar plant for direct cooling (without a separating wall) by means of recirculated water", only the goods falling under the description in the table as "Alkylation and isomerization units" are subject to the restrictions.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Customs-related matters, Q.4")*

b. What is to be understood by "item"?

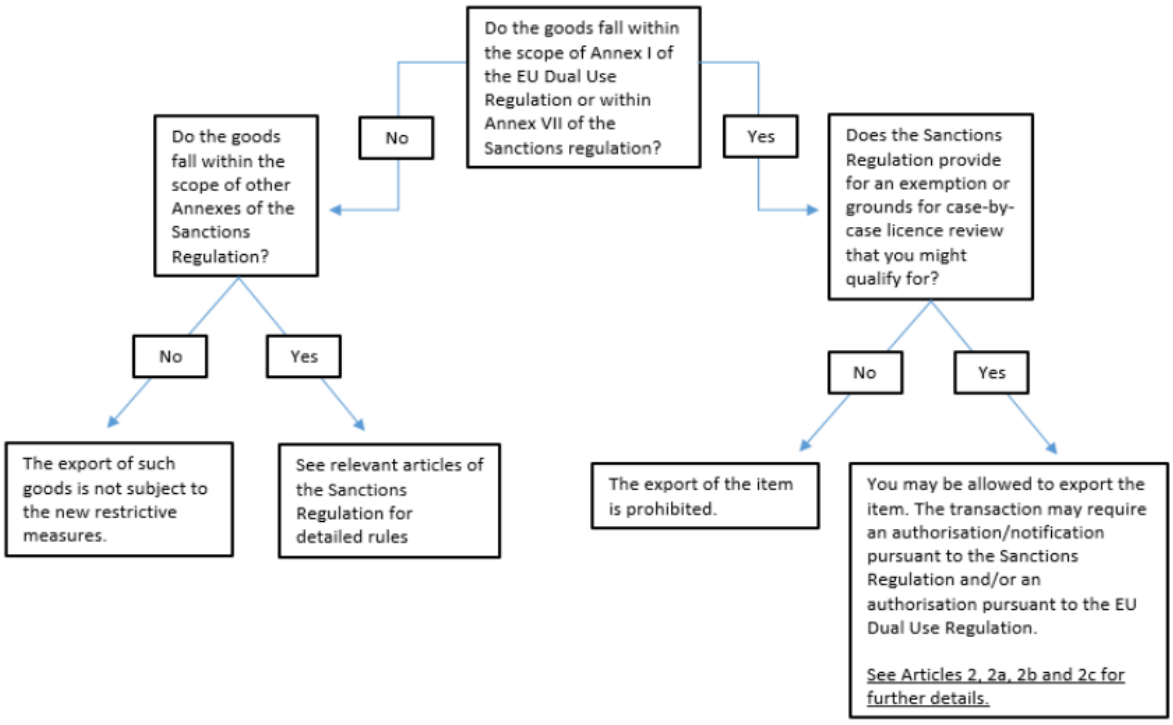
Item is to be understood as the "supplementary unit" in the export declaration (data element 18 02 000 000 or 6/2 or Box 41 of the SAD). Customs legislation defines the supplementary unit as the quantity of the item in question, expressed in the unit laid down in Union legislation, as published in TARIC. For goods that do not have a supplementary unit in TARIC, the information on "number of packages" (data element 18 06 004 000 or 6/10 or Box 31 of the SAD) could be used to check the threshold. Customs legislation defines packages as the smallest external packing unit. The number of packages to be stated in an export declaration refers to the individual items packaged in such a way that they cannot be divided without first undoing the packing, or the number of pieces, if unpackaged. The codes to be stated follow the UNECE recommendation on the matter. The UNECE recommends recording the "immediate wrapping or receptacle of the goods, which the purchaser normally acquires with them in retail sales". Accordingly, an item means usual packaging for retail sale, e.g. a package of 3 bottles of perfume if they are sold together, or a bottle of perfume if it is meant to be sold separately. Pursuant to Article 15 of the Union Customs Code, the persons providing information to the customs authorities are responsible for the accuracy and completeness of the information provided. If

necessary, the customs authorities may require additional information (invoices, physical controls) to verify the information stated in the customs declaration and whether or not the threshold is reached.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Customs-related matters, Q.20")*

c. I am an exporter selling products to Russia. How can I verify that I am allowed to export the product and whether it requires any prior authorisation?

In simplified terms, the process for verifying if you are concerned by an export restriction is the following:



This is a simplified diagram. For further clarification, please check with the relevant competent authorities of your Member State whether the Sanctions Regulation (or other restrictions) apply to the product you are selling to Russia. Certain Annexes to the Sanctions Regulation, for example Annexes II, X, XI, XVIII and XXIII, include codes of the Combined Nomenclature (CN), while dual-use items and advanced technology items listed in Annex VII are identified

with technical descriptions. As part of its compliance obligations, the economic operator must verify, based on the CN code or the technical description, whether an item to be exported is covered or not. The fact that the CN code corresponding to an item is not listed in the Sanctions Regulation does not exclude that certain items classified under that CN code are affected because they may be dual-use items or those of Annex VII to the Sanctions Regulation, in accordance with Articles 2, 2a and 2b. As regards dual-use items and those of Annex VII of the Sanctions Regulation, there is no correlation in the Sanctions Regulation between the CN codes and such items subject to the restrictive measures.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Export-related restrictions, Q.3")*

d. How does the Sanctions Regulation relate to the existing Dual-Use Regulation? Does it supersede it? Do both continue to apply?

The Sanctions Regulation applies "without prejudice" – i.e. in parallel – to the EU Dual-Use Regulation (EU) 2021/821. Exporters must ensure they comply with both regulations. Consequently, the export of dual-use items might require an authorisation under the EU DualUse Regulation and, where a derogation applies under the Sanctions Regulation, also under that regulation. In case of doubt, exporters should contact the competent authority of the Member State where the exporter is resident or established. In case the export of a dual-use item or an 'Advanced technology' item in Annex VII falls under the scope of an exemption according to Articles 2(3) and 2a(3), no prior authorisation is required under the Sanctions Regulation. For dual-use items, however, an authorisation might still be required under the EU Dual-Use Regulation. For authorisations for goods and technology listed in Annex VII of the Sanctions Regulation, the rules and procedures laid down in the EU Dual-Use Regulation apply, mutatis mutandis. This means, for example, that when the export of an item not listed under Annex I of the Dual-Use Regulation is subject to an authorisation requirement under the EU Dual-Use Regulation, for example under Article 4 (so-called 'catch-all' clauses), such authorisation requirements remain in place, notwithstanding the fact that the same item may be listed in Annex VII to the Sanctions Regulation.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Export-related restrictions, Q.7")*

e. The item I am planning to export is not a dual-use item, nor is it included in Annex VII to the Sanctions Regulation. However, it includes a component listed in Annex I of the EU Dual-Use Regulation or in Annex VII to the Sanctions Regulation. Am I concerned by the export restrictions?

Non-controlled items containing one or more components listed in Annex VII are not subject to the export restrictions applicable to the export of these components, provided that the transaction is not intended to circumvent rules on dual-use export control or the restrictions on dual-use and 'Advanced technology' items pursuant to the Sanctions Regulation. However, non-controlled items containing one or more components listed in Annex I of the EU Dual-Use Regulation may still be subject to export controls under the so-called 'principal elements rule' (point 2 of the General Notes to Annex I of the EU Dual-Use Regulation). This means that the object of the controls contained in Annex I may not be defeated by the export of any non-controlled goods containing one or more controlled components when the controlled component or components are the principal element of the goods and can feasibly be removed or used for other purposes. In judging whether the controlled component or components are to be considered the principal element, it is necessary to weigh the factors of quantity, value and technological know-how involved and other special circumstances which might establish the controlled component or components as the principal element of the goods being procured.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Export-related restrictions, Q.11")*

f. What situations are covered by the exemptions under the Sanctions Regulation?

Articles 2(3) and 2a(3) of the Sanctions Regulation provide for six limited exemptions from the export restrictions provided that certain conditions and requirements are fulfilled, i.e. the use of the exemption is declared to the customs authorities and a notification is made the first time it is used. These exemptions apply to:

• humanitarian purposes, health emergencies, the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment or as a response to natural disasters;

• medical or pharmaceutical purposes;

• temporary export of items for use by news media;
• software updates;
• use as consumer communication devices; or
• personal use of natural persons travelling to Russia or members of their immediate families travelling with them, and limited to personal effects, household effects, vehicles or tools of trade owned by those individuals and not intended for sale.

For exemptions related to transit through Russia, please check question 42.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Export-related restrictions, Q.12")*

g. What situations are covered by the derogations with requirement of authorisation under the Sanctions Regulation?

Article 2(4) of the Sanctions Regulation provides for eight derogations where an authorisation must be requested from the competent authority. Until the authorisation is granted, the export of the item is prohibited. The derogations cover situations where the item is intended for:
(a) cooperation between the Union, the governments of Member States and the government of Russia in purely civilian matters;
(b) intergovernmental cooperation in space programmes;
(c) the operation, maintenance, fuel retreatment and safety of civil nuclear capabilities, as well as civil nuclear cooperation, in particular, in the field of research and development;
(d) maritime safety;
(e) civilian non-publicly available electronic communications networks which are not the property of an entity that is publicly controlled or with over 50% public ownership;
(f) the exclusive use of entities owned, or solely or jointly controlled by a legal person, entity or body which is incorporated or constituted under the law of a Member State or of a partner country;
(g) diplomatic representations of the Union, Member States and partner countries, including delegations, embassies and missions; and
(h) ensuring cyber-security and information security for natural and legal persons, entities and bodies in Russia except for its government and undertakings directly or indirectly controlled by that government.

Article 2a(4) of the Sanctions Regulation provides for nine derogations where an authorisation must be requested from the competent authority. Until the authorisation is granted, the export of the item is prohibited. The derogations cover situations where the item is intended for:

• cooperation between the Union, the governments of Member States and the government of Russia in purely civilian matters;

• intergovernmental cooperation in space programmes;

• the operation, maintenance, fuel retreatment and safety of civil nuclear capabilities, as well as civil nuclear cooperation, in particular, in the field of research and development;

• maritime safety;

• civilian non-publicly available electronic communications networks which are not the property of an entity that is publicly controlled or with over 50% public ownership;

• the exclusive use of entities owned, or solely or jointly controlled by a legal person, entity or body which is incorporated or constituted under the law of a Member State or of a partner country;

• diplomatic representations of the Union, Member States and partner countries, including delegations, embassies and missions;

• ensuring cyber-security and information security for natural and legal persons, entities and bodies in Russia except for its government and undertakings directly or indirectly controlled by that government; and

• exclusive use and under the full control of the authorising Member State and in order to fulfil its maintenance obligations in areas which are under a long-term lease agreement between that Member State and the Russian Federation.

Article 12b of the Sanctions Regulation provides for a temporary derogation strictly necessary for the divestment from Russia or the wind-down of business activities in Russia subject to the fulfilment of certain conditions. Request for authorisations under this derogation can take place until 31 December 2023.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Export-related restrictions, Q.13")*

h. Is an EU exporter allowed to fulfil a contract with a Russian entity requiring the export of an item covered by the Sanctions Regulation through a subsidiary of the Russian entity based in the EU or in a third country?

The Sanctions Regulation prohibits "to sell, supply, transfer or export, directly or indirectly, [covered items], whether or not originating in the Union, to any natural or legal person, entity or body in Russia or for use in Russia". It also prohibits "to participate, knowingly and intentionally, in activities the object or effect of which is to circumvent prohibitions" in the Regulation. The EU exporter would therefore need to seek the authorisation of the competent authorities under Articles 2(5), 2a(5), and 2b(1)(b) in order to be allowed to fulfil any contract requiring export of a covered item to Russia or for use in Russia. If the subsidiary of the Russian entity is based in the EU, that subsidiary is itself bound to comply with the Sanctions Regulation. EU exporters must also ensure that the covered items do not reach the listed entities indirectly (via those entities' non-listed subsidiaries or other entities they control, or via an intermediary). The sale, supply, transfer or export of covered items to a third-party intermediary is also prohibited, if the items would reach the listed entity. In all situations, EU exporters should perform adequate due diligence on their business partners and the final destination of the goods. EU exporters are furthermore prohibited from participating, knowingly and intentionally, in activities the object or effect of which is to circumvent these restrictions.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Export-related restrictions, Q.34")*

***i.* How is the EUR 300 value to be assessed?**

The EUR 300 value is to be assessed based on the statistical value of the goods in the export declaration (data element 99 06 000 000 or 8/6 or Box 46 of the Single Administrative Document (SAD)). The statistical value is defined in section 10 of Annex V of Commission Implementing Regulation (EU) 2020/1197 as the price actually paid or payable for the exported goods, excluding arbitrary or fictitious values. It must be adjusted, where necessary, in such a way that the statistical value contains solely and entirely the incidental expenses, such as transport and insurance costs, incurred to deliver the goods from the place of their departure to the border of the Member State of export. VAT is not to be included in the statistical value. The calculation of statistical value and its indication in the export customs declaration is the

same as already used and required, and is not affected by the Sanctions Regulations, but only used as a basis to decide whether the sanction is applicable or not.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Luxury Goods, Q.1")*

j. How does the EU ensure and verify that EU exports of items covered by the Sanctions Regulation to third countries are not re-exported to Russia??

EU operators should have in place adequate due diligence procedures to ensure that their exports of covered items are not diverted to Russia. This could include, for instance, contractual clauses with their third-country business partner giving rise to liability in case the latter re-exports the items to Russia, as well as ex post verifications.

It is for Member States to implement and enforce sanctions. The Commission monitors sanctions' implementation and enforcement by Member States. If a covered item exported from the EU to a third country is re-exported to Russia, the competent authorities may consider the EU exporter's failure to conduct adequate due diligence as a breach of the Sanctions Regulation. If the EU exporter knowingly and intentionally fails to conduct such due diligence, this can be considered as participation in a circumvention scheme.

Moreover, the Commission services, in coordination with international partners, have identified a number of dual-use goods and advanced technology items whose export to Russia is prohibited under Regulation 833/2014 used in Russian military systems found on the battlefield in Ukraine or critical to the development, production or use of those Russian military systems. These items include electronic components such as integrated circuits and radio frequency transceiver modules, as well as items essential for the manufacturing and testing of electronic components of printed circuit boards retrieved from the battlefield.

These battlefield items have been grouped into a list of High-Priority Battlefield Items, which can be found in Annex II to this FAQ. The List may support due diligence and effective compliance by exporters and targeted anti-circumvention actions by customs and enforcement agencies of partner countries determined to prevent that their territories are being abused for circumvention of EU sanctions purposes.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Export-related restrictions, Q.47")*

k. How does the EU ensure and verify that EU exports of items covered by the Sanctions Regulation to third countries are not re-exported to Russia?

For the purpose of these measures, 'partner countries' are countries that are applying a set of export restriction measures substantially equivalent to those set out in the Sanctions Regulation. The list of partner countries is annexed to the Regulation and as of 21 July 2022, it includes the U.S., Japan, the United Kingdom, South Korea, Australia, Canada, New Zealand, Norway and Switzerland. The Commission will keep reviewing the measures adopted by third countries and maintaining close contacts with them with a view to ensuring effective sanctions.

The concept of "partner country" has several dimensions related to Articles 2 and 2a of the Sanctions Regulation:
Firstly, entities owned or controlled by an undertaking of a partner country are eligible for the same exception as those owned or controlled by an undertaking of a Member State. As a result, Member States may authorise the sale, supply, transfer or export of covered goods and technology or the provision of related technical or financial assistance to these undertakings, provided that it is not intended for military use or for a military end user.
Secondly, Member States may authorise the sale, supply, transfer or export of covered goods and technology, or the provision of related technical or financial assistance intended for the diplomatic representations of partner countries located in Russia.
Thirdly, the EU will exchange information with partner countries, where appropriate, and on the basis of reciprocity, with a view to supporting the effectiveness of export restrictions under theSanctions Regulation and the consistent application of export restriction measures applied by partner countries.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Export-related restrictions, Q.53")*

l. Are the restrictions in Articles 3g and 3i of Council Regulation No. 833/2014 applicable to goods listed in Annexes XVII and XXI from third countries transiting through Russian territory to the Union or to a third country?

No, as long as the goods are not considered 'originating' or 'exported' from Russia. Goods are not considered "exported from Russia" in the sense of the prohibitions in Articles 3g and 3i of Council Regulation No. 833/2014 if they originate in a third country and are only transiting through Russia on their way to the Union or to a third country. However, the listed goods will be considered 'exported from Russia', and thus subject to the prohibition irrespective of their non-Russian origin, if they are already physically located in Russia and intended for export or re-export to the Union or to a third country. Examples of goods which would be considered 'exported from Russia' are: Tar is not a fuel by itself and is not always a coal product, nor is it a solid fossil. Yet, 2706 "Tar distilled from coal, from lignite or from peat..." was fully included in the product scope of the former article 3j and is now covered by the scope of article 3i.

- Goods originating in a third country that were imported in Russia, processed or not, and are now exported to the Union or to a third country;
- Goods originating in a third country that were bought by an economic operator in Russia, were kept in warehouse in Russia and are now intended to be re-exported.

All sanctions prohibitions must be read in conjunction with Article 12 of Council Regulation No. 833/2014 which prohibits to participate knowingly and intentionally in activities the object or effect of which is to circumvent prohibitions in the Regulation. Additionally, all funds and economic resources of operators in third countries facilitating infringements of the prohibitions against circumvention in Council Regulation No. 833/2014 can be frozen according to Article 3(1)(h) of Council Regulation No. 269/2014.

One element to be considered is the high risk of diversion during transit through Russia or any other possible risk of circumvention of the sanctions, therefore in all cases economic operators must conduct appropriate due diligence and prove to the national competent authorities that the goods are not 'originating' or 'exported from Russia', and are only transiting through Russia. Depending on the concrete case, the conditions to be proven include, in particular:

- Goods are not originating in Russia; - Transit through Russia is only a portion of a complete journey beginning and terminating beyond Russia;
- Goods were not subject to any sale, processing, change of ownership after their export from the third country;
- Clear identification of the goods.

The possibility to transit via Russia is without prejudice to the right of the EU customs authorities to control the goods in accordance with Article 46(1) of the Union Customs Code, including to verify that the goods in question are not subject to any other restrictive measure that might be applicable (e.g. prohibition related to Russian road transport undertakings in Article 3l of Council Regulation No. 833/2014).

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Customs-related matters, Q.13")*

m. Are the restrictions in Articles 3, 3b, 3f, 3h and 3k of Council Regulation No. 833/2014 applicable to goods and technologies listed in Annexes II, XI, XVI, XVIIIand XXIII transiting through Russian territory from the Union to a third country?

No, as long as the goods and technologies subject to prohibitions (such as in Articles 3, 3b, 3f, 3h and 3k of Council Regulation No. 833/2014) and listed in the corresponding Annexes (Annexes II, XI, XVI, XVIII and XXIII) are only transiting via Russia to a third country and the transit is not prohibited otherwise (see below).

All sanctions prohibitions must be read in conjunction with Article 12 of Council Regulation No. 833/2014 which prohibits to participate knowingly and intentionally in activities the object or effect of which is to circumvent prohibitions in the Regulation. Additionally, all funds and economic resources of operators in third countries facilitating infringements of the prohibitions against circumvention in Council Regulation No. 833/2014 can be frozen according to Article 3(1)(h) of Council Regulation No. 269/2014.

One element to be considered is the high risk of diversion during transit through Russia or any other possible risk of circumvention of the sanctions. Therefore, economic operators must conduct appropriate due diligence in all cases and prove to the national competent authorities that the goods and technologies are only transiting through Russia and are not for "use in Russia" or are sold or supplied to any natural or legal person, entity or body in Russia. Depending on the concrete case, the conditions to be proven include, in particular:

- Transit through Russia is only a portion of a complete journey beginning and terminating beyond Russia;
- Goods were not subject to any sale, processing, change of ownership after their export from the EU;
- Clear identification of the goods;
- Clear identification of the final user and final use in the third country

Member States' national competent authorities could also impose reporting obligations on the exporter to verify, ex post, that the conditions were complied with.
The possibility to transit via Russia is without prejudice to the right of the EU customs authorities to control the goods in accordance with Article 46(1) of the Union Customs Code, including to verify that the goods in question are not subject to any other restrictive measure that might be applicable (e.g. prohibition related to Russian road transport undertakings in Article 3l of Council Regulation No. 833/2014).
Please note that Council Regulation No. 427/2023 ("10th sanctions package") introduced a prohibition to transit via Russian territory dual-use goods and technology as well as firearms exported from the Union.

Council Regulation No. XXX/2023 ("11 th sanctions package") has extended the prohibition to transit via Russian territory to goods and technology which might contribute to Russia's military and technological enhancement, or the development of the defence and security sector, as well as to goods and technologies suited for use in aviation or the space industry, jet fuel and fuel additives exported from the Union, see Question 3.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Transit Of Listed Goods Via Russia, Q.14")*

n. Is the transit of goods mentioned in Articles 2, 2a, 2aa, and 3c of Council Regulation No. 833/2014 from the Union through Russian territory to a third country allowed?

No, as paragraphs 1a in Articles 2, 2a, 2aa, and 3c of Council Regulation No. 833/2014 prohibit the transit via the territory of Russia of the following goods and technologies when those are exported from the Union:

- Dual-use goods and technology (Article 2); - Goods and technology which might contribute to Russia's military and technological enhancement, or the development of the defence and security sector, as listed in Annex VII of Council Regulation No. 833/2014 (Article 2a);
- Firearms, their parts and essential components and ammunition as listed in Annex I to Regulation No. 258/2012 of the European Parliament and of the Council and firearms and other arms as listed in Annex XXXV of Council Regulation No. 833/2014 (Article 2aa);
- Goods and technology suited for use in aviation or the space industry, as listed in Annex XI, and of jet fuel and fuel additives, as listed in Annex XX of Council Regulation No. 833/2014 (Article 3c).

The direct export to third countries (e.g. from the Union to a third country by air) or a transit through third countries other than Russia is not prohibited. The transit via the territory of the Union of goods mentioned in Articles 2, 2a, 2aa, and 3c exported from third countries to third countries is also not prohibited if not subject to other restrictions.

This "transit ban" aims to 42inimize the risk of circumvention for those particular sensitive items (e.g. goods destined for third countries are getting diverted when in transit through Russia).

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – D. Trade and Customs – Transit Of Listed Goods Via Russia, Q.15")*

V. Sectoral Specific Questions

a. What does "acting on behalf of the direction" mean?

Article 5aa(1)(c) prohibits to directly or indirectly engage in any transaction with a legal person, entity or body 'acting on behalf or at the direction of' an entity referred to in point (a) or (b) of this Article 5aa(1). Article 5aa(1)(c) seeks to address situations where an entity in Annex XIX attempts to circumvent the application of EU sanctions, for instance by changing the formal ownership of a company to side-step the application of Article 5aa (1)(b).

Guidance has been provided by the Commission to support such determinations, such as the criteria listed in the Commission opinion dated 17 October 2019. It addresses this notion of 'acting on behalf or at the direction' and notably this excerpt: "Ownership or control of the [targeted person/entity over the other entity] is an element that can be considered [...] to increase the likelihood of [acting on behalf or at the direction of the targeted person/entity], but cannot suffice in determining whether the conduct did occur. In the absence of a definition and/or criteria that can be used to assess whether an entity acted on behalf or at the direction of a targeted entity, the NCA should take into account all the relevant circumstances in order to establish the situation at hand. These can include, for example, the precise ownership/control structure, including links between natural persons; the nature and purpose of the transaction, coupled with the stated business duties of the entity that is owned or controlled; previous instances of acting on behalf or at the direction of the targeted entity; disclosure made by third parties and/or factual evidence indicating that directions were given by the targeted entity".

For instance, a company previously falling under the scope of Article 5aa(1)(b) is likely to be 'acting on behalf or at the direction of' an entity in Annex XIX (Article 5aa(1)(c)) if the ownership structure of the company is modified to reduce the shareholding owned by the entity in Annex XIX to 50% or below according to the ownership designation criterion, in particular where the share transfer is operated within the same corporate group and/or the transfer occurs close to the date of inclusion into Annex XIX of the relevant entity or of the issuance of guidance clarifying the implementation of the measure and/or if any material influence over the relevant entity is maintained (e.g. veto rights or any other influence over the management of the entity). In such a situation, there are reasonable grounds to suspect that the share transfer has been put in place in bad faith to camouflage the effective ownership or control and to circumvent the applicability of Article 5aa.

Based on such a determination, the prohibition requires that any provision of an economically valuable benefit in favour of the entity 'acting on behalf or at the direction of' be terminated.

Where the termination of transactions with such an entity could affect the security of supply, operators should allow for a sufficient wind-down period (e.g. 60 days) to avoid unintended consequences before halting ongoing operations.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – State-owned enterprises, Q.2")*

b. The EU has prohibited the provision of certain business-relevant services to the Russian government, as well as to legal persons such as companies and other entities or bodies established in Russia. What kind of services are prohibited?

As of 4 June 2022, it is prohibited to provide, directly or indirectly, accounting, auditing, including statutory audit, bookkeeping and tax consulting services, as well as business and management consulting or public relations services (Article 5n of Council Regulation 833/2014) to the Russian government, as well as to legal persons such as companies and other entities or bodies established in Russia. The scope of the services prohibited should be interpreted with reference to Annex II to Regulation (EC) No 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment.

- Accounting, auditing, bookkeeping and tax consultancy services cover the recording of commercial transactions for businesses and others; examination services of accounting records and financial statements; business tax planning and consulting; and the preparation of tax documents.
- Business and management consulting and public relations services cover advisory, guidance and operational assistance services provided to businesses for business policy and strategy and the overall planning, structuring and control of an organisation. Management fees, management auditing; market management, human resources, production management and project management consulting; and advisory, guidance and operational services related to improving the image of the clients and their relations with the general public and other institutions are all included.

Please find in Annex A an outline of the prohibitions on the provision of services, as well as of the relevant wind down periods, exemptions and derogations.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Provision of Services, Q.1")*

c. What do the terms "strictly" and "exclusive" refer to in the exceptions contained in Articles 5n (3), (4), (4a), (5), (6) and (7)?

These terms are used to make sure that the exceptions contained in Articles 5n (3), (4), (4a), (5), (6) and (7) are correctly interpreted by EU operators when assessing whether they can rely on these provisions. These exceptions are to be interpreted restrictively. The term strictly means that there is no other way to terminate contracts or to exercise the right of defense other than to rely on the provision of these otherwise prohibited services. Article 12 prohibits conscious and intentional participation in activities the object or effect of which is to circumvent the prohibitions in the Regulation.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Provision of Services, Q.3")*

d. Does the prohibition on providing services "indirectly" in Article 5n (1) prohibit an EU auditing services provider from providing auditing services to subsidiaries of an entity established in Russia?

No. It is not prohibited to provide services to non-Russian entities, that is entities not established in Russia, even if they are subsidiaries of entities established in Russia. The use of the term "indirectly" in paragraph 1 of Article 5n means for example that it is prohibited for an EU auditing services provider to provide services to EU or other non-Russian entities that are subsidiaries of entities established in Russia if those services would actually be for the benefit of the parent company established in Russia. Article 12 prohibits knowing and intentional participation in activities the object or effect of which is to circumvent prohibitions in the Regulation.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Provision of Services, Q.4")*

e. Does the prohibition on providing services "indirectly" in Article 5n (1) prohibit an EU auditing services provider from providing outsourced auditing services to Russian legal entities?

Yes. EU entities cannot provide services to entities established in Russia, so they cannot use outsourced auditing services to provide prohibited services as this indeed could be considered an indirect provision of these services. Article 12 prohibits EU entities to participate, knowingly and intentionally, in activities the object or effect of which is to circumvent prohibitions in this Regulation.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Provision of Services, Q.5")*

f. Does the prohibition on providing services in Article 5n (1) and (2) prohibit entities established in the EU which are subsidiaries of Russian companies from providing business-related services to their mother companies established in Russia?

Yes. Entities established in the EU, including those that are subsidiaries of companies established in Russia, are bound by EU sanctions. Hence, they are prohibited from providing, directly or indirectly, accounting, auditing, including statutory audit, bookkeeping or tax consulting services, or business and management consulting or public relations services as well as architectural and engineering services, legal consultancy services and IT consultancy services, to the Government of Russia or persons established in Russia.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Provision of Services, Q.6")*

g. What should be understood by the term "trust or any similar legal arrangement" as mentioned in Article 5m of Council Regulation (EU) 833/2014?

There is a variety of trusts and legal arrangements used throughout the Member States. The common law trust, serves as an example but there is no single definition of what qualifies as a "similar legal arrangement". Accordingly, it would be relevant to assess such an arrangement's

structure or function as compared to that of a trust, such as the establishment of a fiduciary bond between parties and a separation or disconnection of legal and beneficial ownership of assets. You may refer to Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing as well as the report from the Commission assessing whether Member States have duly identified and made subject to the obligations of Directive (EU) 2015/849 all trusts and similar legal arrangements governed under their laws.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Trust Services, Q.1")*

h. What activities are prohibited in relation to trusts? How is this prohibition to be applied in practice?

Article 5m, paragraph 1, prohibits the registration of any trust or similar legal arrangement. Accordingly, no EU person should register a new arrangement. Where registration is mandatory under national law in order for the trust or another similar legal arrangement to be set up, this would not be possible. With regards to trusts or similar legal arrangements which are already established, Article 5m paragraph 1 prohibits the provision of a registered office, business or administrative address as well as the provision of management services whereas paragraph 2, prohibits the provision of trustee services to any trust or similar legal arrangement. As such services may be necessary for the operation of such arrangements, the prohibition requires their dissolution, the resurfacing of all assets as well as the restitution of assets to the trustor or distribution to beneficiaries (subject to a derogation under Article 5m paragraphs 5 and 6). If a settlor or beneficiary of a trust or similar legal arrangement is a person subject to an asset freeze under EU sanctions, any assets to be returned or distributed to this person should be immediately frozen. Please note that these prohibitions apply for any trust or similar legal arrangement having as a trustor or a beneficiary any of the persons described in paragraph 1(a) to (e) that is:

(a) Russian nationals or natural persons residing in Russia;

(b) legal persons, entities or bodies established in Russia;

(c) legal persons, entities or bodies whose proprietary rights are directly or indirectly owned for more than 50 % by a natural or legal person, entity or body referred to in points (a) or (b);

(d) legal persons, entities or bodies controlled by a natural or legal person, entity or body referred to in points (a), (b) or (c); or
(e) a natural or legal person, entity or body acting on behalf or at the direction of a natural or legal person, entity or body referred to in points (a), (b), (c) or (d).

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Trust Services, Q.2")*

i. If beneficiaries of such trusts include both Russian nationals and non-Russian nationals, how should the prohibition be applied?

The prohibition to register a new trust or provide trustee services only applies where a settlor or beneficiary is a Russian person as defined under paragraph 1 (a) to (e). Where applicable, these services could be provided or continue if these persons are removed from the trust or similar legal arrangement.
Furthermore, in accordance with Article 5m, paragraph 4, the prohibitions do not apply where a trust or similar legal arrangement has only one trustor or one beneficiary who is a national of a Member State or a natural person having a temporary or permanent residence permit in a Member State.
Finally, paragraph 5(b) provides that a national competent authority may also authorise the provision of services if the trustee does not accept from or distribute assets to a trustor or beneficiary in paragraph 1 (a) to (e). This means that a trust or similar legal arrangement can continue to operate, for instance, where there are several beneficiaries including EU persons.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Trust Services, Q.4")*

j. If beneficiaries of such trusts include both Russian nationals and non-Russian nationals, how should the prohibition be applied?

The prohibition to register a new trust or provide trustee services only applies where a settlor or beneficiary is a Russian person as defined under paragraph 1 (a) to (e). Where applicable, these services could be provided or continue if these persons are removed from the trust or similar legal arrangement.

Furthermore, in accordance with Article 5m, paragraph 4, the prohibitions do not apply where a trust or similar legal arrangement has only one trustor or one beneficiary who is a national of a Member State or a natural person having a temporary or permanent residence permit in a Member State.

Finally, paragraph 5(b) provides that a national competent authority may also authorise the provision of services if the trustee does not accept from or distribute assets to a trustor or beneficiary in paragraph 1 (a) to (e). This means that a trust or similar legal arrangement can continue to operate, for instance, where there are several beneficiaries including EU persons.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Trust Services, Q.4")*

k. Do the prohibitions apply to dual nationals (having Russian nationality and the nationality of an EU Member State) as well as persons of Russian nationality who have a temporary or permanent residence permit in another Member State?

Russian nationals falling under the scope of paragraph 1 (a) and (e) with dual Russian-EU nationality or having a temporary or permanent residence permit in a Member State can benefit from the exemption under Article 5m, paragraph 4.

The exemption provides that prohibitions do not apply where a trust or similar legal arrangement has only one trustor or one beneficiary who is a national of a Member State or a natural person having a temporary or permanent residence permit in a Member State.

For a dual national having both Russian nationality and a nationality of a country other than that of a Member State, the prohibitions in Article 5m apply.

For trusts with both Russian and non-Russian settlors or beneficiaries, we refer you to Question (j) of this FAQ.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Trust Services, Q.6")*

l. Should foundations be considered to fall under the scope of the prohibition?

Foundations are regarded as the civil law equivalent to a common law trust, as they may be used for similar purposes. This equivalence is reflected in Directive (EU) 2015/849 336 which imposes on foundations the same beneficial ownership requirements as on trusts and similar legal arrangements. Accordingly, persons holding equivalent positions in foundations as settlors and beneficiaries should be construed as being subject to the same restrictions under Article 5m.

*(Answer provided in "Commission Consolidated **FAQs** on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 – G. Sectoral Specific Questions – Trust Services, Q.8")*

Table of amendments	
Version 6	**21/1/2024** 833/2014: • Added article 5r
Version 5	**24/10/2023** Commission Consolidated FAQs • Amended question V(a)
Version 4	**12/10/2023** Commission Consolidated FAQs • Added questions IV (f) and (g)
Version 3	**28/07/2023** Commission Consolidated FAQs: • Added questions II (d), (e) and (f) • Added questions IV (j), (k) and (l)
Version 2	**17/07/2023** 833/2014: • Added article 3ea • Deleted article 3j • Deleted article XXII Commission Consolidated FAQS: • Added question IV (h) • Added question IV (i)
Version 1	**27/06/2023**