STATUTORY INSTRUMENTS

2022 No. 205

SANCTIONS

The Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2022

Approved by both Houses of Parliament

Made - - - -	*at 11.30 a.m. on 1st March 2022*
Laid before Parliament	*at 4.00 p.m. on 1st March 2022*
Coming into force - -	*at 5.00 p.m. on 1st March 2022*

The Secretary of State(**a**), considering that the requirements of section 45(2) of the Sanctions and Anti-Money Laundering Act 2018(**b**) are met, makes the following Regulations in exercise of the powers conferred by sections 1, 3(1)(b)(ii) and (iii), 15(2)(b) and (3), 16, 17, 45 and 62(6) of that Act:

Citation and commencement

1.—(1) These Regulations may be cited as the Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2022.

(2) These Regulations come into force at 5.00 p.m. on 1st March 2022.

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

2. The Russia (Sanctions) (EU Exit) Regulations 2019(**c**) are amended as set out in regulations 3 to 6.

Other financial and investment restrictions

3.—(1) After regulation 18 (investments in relation to Crimea), insert—

"**Provision of financial services relating to foreign exchange reserve and asset management**

18A.—(1) A person ("P") must not provide financial services to a person mentioned in paragraph (2) where—

(a) the financial services are for the purpose of foreign exchange reserve and asset management; and

(**a**) The power to make regulations under Part 1 of the Sanctions and Anti-Money Laundering Act 2018 (c. 13) is conferred on an appropriate Minister. Section 1(9)(a) of the Act defines an "appropriate Minister" as including the Secretary of State.

(**b**) 2018 c. 13. Section 17(5)(b)(i) (enforcement) is amended by the Sentencing Act 2020 (c. 17), Schedule 24, paragraph 443(1).

(**c**) S.I. 2019/855, as amended by S.I. 2020/590; S.I. 2020/951; S.I. 2022/123; S.I. 2022/194; S.I. 2022/195; and by the Sentencing Act 2020 (c. 17).

(b) P knows, or has reasonable cause to suspect, that the financial services are provided to such a person.

(2) The persons mentioned in this paragraph are—

(a) the Central Bank of the Russian Federation,

(b) the National Wealth Fund of the Russian Federation,

(c) the Ministry of Finance of the Russian Federation,

(d) a person owned or controlled directly or indirectly (within the meaning of regulation 7) by a person mentioned in sub-paragraphs (a) to (c), or

(e) a person acting on behalf of or at the direction of a person mentioned in sub-paragraphs (a) to (c).

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

(4) A person who contravenes the prohibition in paragraph (1) commits an offence."

(2) In regulation 19A(1), after the definition of "credit or financial institution" insert—

""foreign exchange reserve and asset management" means activities relating to the reserves or assets of the persons mentioned in paragraph (2) of regulation 18A, such reserves or assets to include the following—

(a) money market instruments (including cheques, bills and certificates of deposit);

(b) foreign exchange;

(c) derivative products (including futures and options);

(d) exchange rate and interest rate instruments (including products such as swaps and forward rate agreements);

(e) transferable securities;

(f) other negotiable instruments and financial assets (including bullion);

(g) special drawing rights."

Exception for authorised conduct in a relevant country

4. In regulation 62A(1) (exception for authorised conduct in a relevant country), for "18 (investments in relation to Crimea)" substitute ", 18 (investments in relation to Crimea) and 18A (provision of foreign reserve and asset management services)".

Treasury licences

5. In regulation 64 (Treasury licences)—

(a) in paragraph (1), for "and 18 (investments in relation to Crimea)" substitute ", 18 (investments in relation to Crimea) and 18A (provision of foreign reserve and asset management services)";

(b) after sub-paragraph (ac) of paragraph (2) omit "and";

(c) in sub-paragraph (b) after "Part 2 of Schedule 5" for "." substitute ", and";

(d) after sub-paragraph (b) insert—

"(c) in the case of acts which would otherwise be prohibited by regulation 18A (provision of foreign exchange reserve and asset management services), where the Treasury consider that it is appropriate to issue the licence for a purpose set out in Part 1D of Schedule 5."

Finance: powers to request information

6. In paragraph (5) of regulation 72 (finance: powers to request information), in sub-paragraph (c), for "or regulation 18 (investments in Crimea)" substitute ", 18 (investments in relation to Crimea) or regulation 18A (provision of foreign reserve and asset management services)."

Treasury licences: purposes

7. After Part 1C of Schedule 5 (Treasury licences: purposes) insert—

"PART 1D

Foreign exchange reserve and asset management services

Humanitarian assistance activity

9U. To enable anything to be done in connection with the performance of any humanitarian assistance activity.

Financial regulation

9V.—(1) To enable anything to be done by, or on behalf of, a relevant financial authority for the purposes of the functions of that authority.

(2) In sub-paragraph (1), "relevant financial authority" means authorities involved in the regulation of financial services in the United Kingdom, including the Financial Conduct Authority, the Prudential Regulation Authority and the Bank of England.

Financial stability

9W. To enable anything to be done by a person, following consultation by that person (or a person acting on their behalf) with the Bank of England, that is necessary or expedient in order to protect or enhance the stability of the financial system of the United Kingdom.

Safety and soundness of a firm

9X. To enable anything to be done by a person, following consultation by that person (or a person acting on their behalf) with the relevant supervising authority or authorities, that is necessary or expedient in order to promote the safety and soundness of a firm which is supervised by the Bank of England, the Prudential Regulation Authority or the Financial Conduct Authority.

Extraordinary situation

9Y. To enable anything to be done to deal with an extraordinary situation."

James Cleverly
Minister of State
Foreign, Commonwealth and Development Office

At 11.30 a.m. on 1st March 2022

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under the Sanctions and Anti-Money Laundering Act 2018 (c. 13) to amend the Russia (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/855) ("the 2019 Regulations").

The Regulations add new financial sanctions to Part 3 (Finance) of the 2019 Regulations. The amendments insert a restriction on the provision of financial services for the purposes of foreign

exchange reserve and asset management involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, the Ministry of Finance of the Russian Federation, or persons owned or controlled by, or acting on behalf of, or at the direction of, the same. The Regulations insert licensing grounds relating to these new provisions.

No impact assessment has been prepared for these Regulations. An impact assessment was, however, produced for the primary legislation and can be found at https://www.gov.uk/government/publications/sanctions-and-anti-money-laundering-bill-impact-assessment.

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