



The Insolvency
Service

Insolvency Practitioner Regulation Section
16th Floor
1 Westfield Avenue
Stratford
London
E20 1HZ

Email: Dear.IP@insolvency.gov.uk
www.gov.uk/government/organisations/insolvency-service

DEAR INSOLVENCY PRACTITIONER Issue 142 – March 2022

Dear Reader

Please find enclosed the latest articles from the Insolvency Service.

In this issue:	
Information/Notes page(s):	
<i>This issue provides important updates and guidance relating to the Government's announcement of an unprecedented package of sanctions against Russian interests and what Insolvency Practitioners need to consider in order to ensure that requirements are not breached in the cases they administer.</i>	
Chapter 13	General
Article 114	UK Government Sanctions on Russia

114) UK Government Sanctions on Russia

New sanctions and further measures

Insolvency Practitioners will be aware that from 24 February, in response to Russia's invasion of Ukraine, the Government has announced an unprecedented package of sanctions against Russian interests. On 1 March the Government also announced sanctions against Belarus for its role in supporting Russia's invasion. These measures apply in addition to existing sanctions.

Insolvency Practitioners should ensure that they pay close attention to the evolving sanctions obligations and that their actions do not breach those requirements in cases they administer, especially as the situation is in flux. Breaches of financial sanctions are a serious criminal offence.

Internet links are included at the bottom of this article.

The Government has announced that it will:

- Freeze assets of Russian banks.
- Introduce a clearing prohibition to stop Russian banks from being able to make transactions through the UK.
- Ban Russian state and private companies from raising funds in the UK.
- Exclude Russia from the SWIFT financial system.
- Impose asset freezes and other designations on over 100 entities and individuals including 386 members of the State Duma of the Russian Federation.
- Limit the amount of money Russian nationals hold in their UK bank accounts.
- Ban the Russian carrier Aeroflot from the UK.
- Scale-up trade measures on high tech goods, designed to erode Russia's strategic development.

For the full list of those who are subject to financial sanctions, please consult the Office of Financial Sanctions Implementation Consolidated List.

Consideration should also be given to individuals and entities that may be owned or controlled by a sanctions target. Those entities may not be designated in their own right, so their names may not appear on the Consolidated List. However, those entities are similarly subject to financial sanctions.

The Economic Crime Bill was introduced into Parliament on Monday 28 February, with core documents available online at:

<http://www.gov.uk/government/publications/economic-crime-transparency-and-enforcement-bill-2022-overarching-documents> .

Further detail

Legislation introduced into Parliament has extended the UK Government's powers to act against Russia's financial and banking sector.

This includes:

- Measures to stop designated Russian banks from having a correspondent banking relationship with UK banks, or being able to clear payments in sterling. This is an entirely new sanction for the UK and will restrict designated Russian banks' access to UK financial markets, their ability to invest in the UK and prevent them from clearing payments in sterling.
- Measures to restrict Russian state-owned enterprises and companies from accessing UK capital markets. This is in addition to existing financial restrictions and is targeted at those companies connected with Russia.
- A prohibition on dealing with new issuances of Russian sovereign debt, preventing the Russian state from issuing in the UK and from accessing loans or credit from the UK.

Details of all the legislation in place can be found on gov.uk <https://www.gov.uk/government/collections/uk-sanctions-on-russia> and OFSI has updated its Russia guidance to reflect the changes <https://www.gov.uk/government/publications/financial-sanctions-faqs>. All businesses need to adjust their activity in order to take account of newly designated sanctions. OFSI has also published a blog setting out what has changed with useful links for businesses: <https://ofsi.blog.gov.uk/2022/03/10/russia-what-has-changed-and-what-do-i-need-to-do/>.

Insolvency Practitioners may wish to take legal advice if they suspect their business is impacted.

The situation in Ukraine and Russia will continue to change over the coming days and weeks. This may involve further sanctions which could affect cases Insolvency Practitioners administer.

Insolvency Practitioners should continue to check the guidance pages listed below to ensure their business activities are compliant with the current sanctions against Russia.

Useful weblinks

Russian Sanctions - Guidance document:

<https://www.gov.uk/government/publications/russia-sanctions-guidance>

The Office for Financial Sanctions Implementation (OFSI) publishes financial sanctions:

[UK sanctions - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/uk-sanctions)

<https://www.gov.uk/government/organisations/office-of-financial-sanctions-implementation>

Financial Guidance, Russia:

<https://www.gov.uk/government/publications/financial-sanctions-ukraine-sovereignty-and-territorial-integrity>

This page is updated regularly and will show the most up-to date position on current sanctions.

Payment of dividends to sanctioned parties

Insolvency Practitioners should also ensure that they are familiar with sanctions regulations made under the [Sanctions and Anti-Money Laundering Act 2018](#), and the Russia (Sanctions)(EU Exit) Regulations 2019 (as amended), particularly when a sanctioned entity is a creditor of an insolvency in which they are appointed.

Whilst there is nothing in those regulations that would prevent a sanctioned entity who is a creditor in an insolvency from making a claim in the proceedings and participating in the process, the sanctions would, in most circumstances, prevent a payment being made to that creditor.

If in doubt check Insolvency Practitioners should check with their authorising body or the Office of Financial Sanctions Implementation (OFSI).

The Office for Professional Body Anti-Money Laundering Supervision (OPBAS) continues to encourage Insolvency Practitioners to consider their money laundering and/or terrorist financing risk exposure in relation to Russian and Belarusian sanctions, and to speak to their professional body supervisor if they have any concerns or questions.

UK Financial Intelligence Unit (UKFIU) has introduced a new Suspicious Activity Report (SAR) glossary code for entities associated to sanctioned individuals and companies on the sanctions list. It has advised that the code **XXSNEXX** be used where you suspect the activity is consistent with money laundering and is linked to entities sanctioned by the UK, US, EU and other overseas jurisdictions as a result of the Russian invasion of Ukraine.