

# CYPRUS FIDUCIARY ASSOCIATION

## **CYFA 2022 Seminar #4: “Sanctions: Critical Considerations on Current and Future Developments” – Part 2**



**Thursday, 7<sup>th</sup> April 2022**  
**Speaker: Mr Yiannis Pettemerides**

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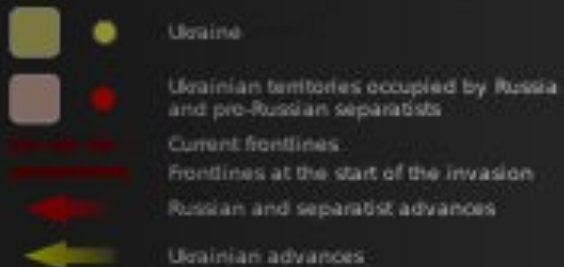
# EU Restrictive Measures in Response to the Crisis in Ukraine – Staying Ahead of Sanctions – What You Need to Know to Maintain Compliance



# The War

## 2022 Russian invasion of Ukraine

24 February 2022 - present





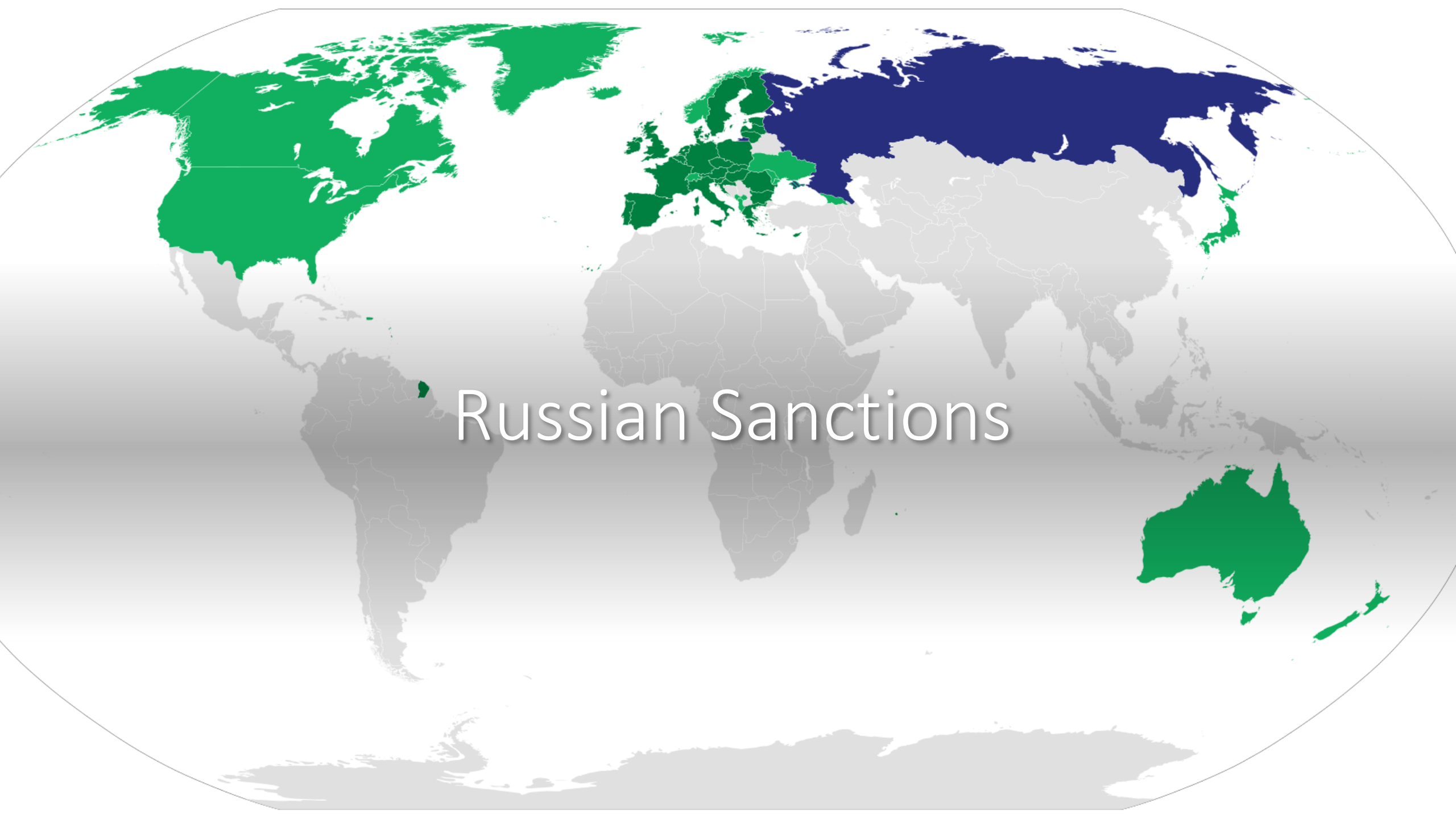


# THE ECONOMIC WEAPON

NICHOLAS MULDER

READ BY LIAM GERRARD

THE  
RISE OF  
SANCTIONS  
AS A TOOL OF  
MODERN WAR



# Russian Sanctions

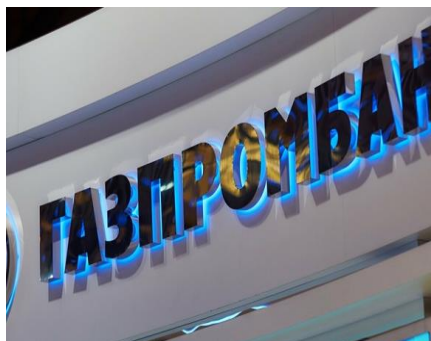
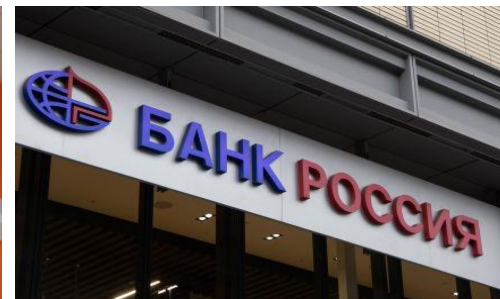
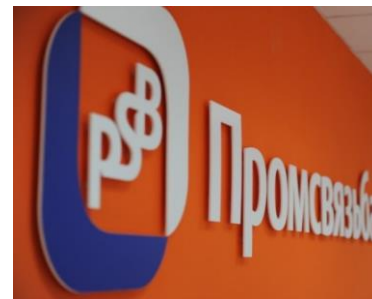


Russia has Officially Become the Most Sanctioned Country in the World, Surpassing Iran, Syria and North Korea



# Russian Sanctions

- The EU, along with the US, UK, UN and other countries and organisations, has responded to the situation in Ukraine by imposing an unprecedented package of sanctions on Russia. This has been the harshest package of sanctions the EU has ever imposed.
- Sanctions compliance is an important priority for obliged entities and represents a significant AML challenge. Obligated entities must ensure that they do not – knowingly or unknowingly – provide sanctions targets with opportunities to evade the economic restrictions against them by screening customers and transactions against the relevant international sanctions lists.
- There are multiple sanctioning bodies with their own sanctions lists. This includes sovereign states, regional unions, and international organizations; each publish their own sanctions – which don't always align. But regardless, businesses are held accountable to follow them.















# International Sanctions

- International sanctions are political and economic decisions that are part of diplomatic efforts by countries, multilateral or regional organizations against states or organizations either to protect national security interests, or to protect international law, and defend against threats to international peace and security. These decisions principally include the temporary imposition on a target of economic, trade, diplomatic, cultural or other restrictions (sanctions measures) that are lifted when the motivating security concerns no longer apply, or when no new threats have arisen.

# Types of Sanctions

- Economic sanctions – typically a ban on trade, possibly limited to certain sectors such as armaments, or with certain exceptions (such as food and medicine)
- Diplomatic sanctions – the reduction or removal of diplomatic ties, such as embassies.
- Military sanctions – military intervention
- Sport sanctions – preventing one country's people and teams from competing in international events.
- Sanctions on Environment – since the declaration of the United Nations Conference on the Human Environment, international environmental protection efforts have been increased gradually.

# Professional Enablers





# Professional Enablers

- Professional enablers are a distinct segment of professionals that intentionally and actively devise strategies to facilitate the commission of crimes (whether serving both legitimate clients and those engaging in money laundering crimes, tax crimes or other financial crimes).



# US Department of Justice – Professional Enablers – 11 March 2022

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- The US Department of Justice said “banks, cryptocurrency exchanges and other financial institutions that serve Russian oligarchs under American sanctions will be in its crosshairs, detailing the agenda of a special task force set up to enforce sanctions in response to Moscow’s invasion of Ukraine”.
- “The task force launched last week would take a broad view, looking not only at parties that knowingly help people under sanctions”.



# US Department of Justice – Professional Enablers – 11 March 2022

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- “Financial institutions, banks, money transmission services, cryptocurrency exchanges who wilfully fail to maintain adequate anti-money laundering policies and procedures and allow these oligarchs to move money will be in the crosshairs of this investigation”.
- “The task force will also target accountants and lawyers who have aided sanctioned individuals”.





# US Department of Justice – Professional Enablers – 11 March 2022

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- “We’ll absolutely be investigating, targeting and where appropriate prosecuting individuals who are not themselves the oligarch but who are happy to help conceal or facilitate, aid or abet either sanctions evasion in themselves or assist sanctioned individuals in committing any crime that we uncover in the investigation”.





# US Department of Justice – Professional Enablers – 11 March 2022

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- “The justice department is casting a wide net for its probe as it seeks to intensify the enforcement of US sanctions with the task force, which includes a broad set of law enforcement agencies such as the FBI and the US Secret Service”.
- “Actors who stick their heads in the sand or blind themselves to moving dirty money may face money laundering charges for their role in concealing those proceeds, and individuals and entities actively assisting a sanctioned person to move assets would also be targeted”.





## Interpol – Professional Enablers - 15 March 2022

- INTERPOL launches Financial Crime and Anti-Corruption Centre; Secretary General says initiative will ‘expand and streamline’ police body’s FinCrime efforts
- By providing investigative, operational and analytical support, as well as capacity building, IFCACC will target fraud and payment crime, money laundering and asset recovery, and corruption,” according to INTERPOL.



# Using Cryptos to Evade Sanctions

- Russia 'Can't and Won't' Use Crypto to Evade Sanctions
- Crypto is "useless" for evading sanctions because of the transparency provided by public ledgers, coupled with the analytical skills of blockchain intelligence firms.
- Crypto markets are thin to start with and ruble trading pairs are rare. With Russia cut off from the world's crypto industry, they can't source nearly enough liquidity to matter.
- Russia cannot use crypto to replace the hundreds of billions of dollars that could be potentially blocked or frozen.
- Evading sanctions through cryptos would be difficult for Russia, which has a \$1.4 trillion banking sector.





**AML**  
ANTI MONEY LAUNDERING

**PREVENTION**

**CRIME**

**\$**

**COMPLIANCE**

**🔒**

**FRAUD  
INVESTIGATION**

AML Legislation – More Critical than Ever



# AML Legislation – More Critical than Ever

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Governance and Culture

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Suspicious Activities and Suspicious Transactions Reporting

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Onboarding and Ongoing Monitoring

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Background Checks

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Risk Assessment

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Identification and Verification

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Economic Profile and Transactions Monitoring



# AML Legislation – More Critical than Ever

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# AML Legislation – More Critical than Ever

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# AML Legislation – More Critical than Ever

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# AML Legislation – More Critical than Ever

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# The Cyprus Law



CY Law - The  
Implementation of the  
Provisions of the  
Resolutions or Decisions of  
the United Nations  
Security Council  
(Sanctions) and the  
Decisions and Regulations  
of the Council of the  
European Union  
(Restrictive Measures) Law  
of 2016 L58(I)/2016.

- 3. (2) For the purpose of implementing this Law, the supervisory authority issues Directives to the persons which are subject to its supervision and in case a person subject to its supervision omits to comply with these Directives, may take measures in accordance with the provisions of paragraph (6) of section 59 of the Prevention and Suppression of Money Laundering Activities Laws of 2007 to ~~2016~~ 2021.

CY Law - The  
Implementation of the  
Provisions of the  
Resolutions or Decisions of  
the United Nations  
Security Council  
(Sanctions) and the  
Decisions and Regulations  
of the Council of the  
European Union  
(Restrictive Measures) Law  
of 2016 L58(I)/2016.

- 4. (1) Any person who violates any of the provisions of the Resolutions or Decisions of the Security Council (Sanctions) and/or the Decisions and Regulations of the Council of the European Union (Restrictive Measures), is guilty of an offence and subject to the reservation of any other legal provision establishing higher penalty, in case of conviction is subject:
  - (a) if it is a natural person, to imprisonment not exceeding 2 years or a pecuniary penalty not exceeding €100,000 or both penalties,
  - (b) if it is a legal person, to a pecuniary penalty not exceeding €300,000.
- 4. (2) Criminal prosecution of any person in violation of this Section is carried out only with the approval of the Attorney General of the Republic.

CY Law - The Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 L188(I)/2007 as Amended in 2010, 2012, 2013, 2014, 2016, 2018, 2019 and 2021 by Laws 58(I)/2010, 80(I)/2012, 192(I)/2012, 101(I)/2013, 184(I)/2014, 18(I)/2016, 13(I)/2018, 158(I)/2018, 81(I)/2019, 13(I)/2021 and 22(I)/2021.

- 64. (3) An obliged entity applies enhanced due diligence procedures ....and in other cases which by their nature, present a high risk of money laundering or terrorist financing: Provided that when assessing the said risks the obliged entity takes into account at least the factors of potentially high risk situations, as set out in Appendix III
- Annex III (3) (c) Geographical risk factors: Countries subject to sanctions, embargos or similar measures issued by, for example, the Union of the United Nations.



CY Law - The Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 L188(I)/2007 as Amended in 2010, 2012, 2013, 2014, 2016, 2018, 2019 and 2021 by Laws 58(I)/2010, 80(I)/2012, 192(I)/2012, 101(I)/2013, 184(I)/2014, 18(I)/2016, 13(I)/2018, 158(I)/2018, 81(I)/2019, 13(I)/2021 and 22(I)/2021.

- 59. (6) Remediation measures to be taken in a specified time frame, and
- Administrative fine of up to €1,000,000, and
- Administrative fine up to an amount of at least twice the amount of the benefit derived from the breach, and
- Administrative fine of up to €1,000 for each day the breach continuous, and
- Amend or suspend or withdraw the license and operation, and
- Temporary ban against any person discharging managerial responsibilities, and
- Public statement indicating the natural or legal person responsible for the breach, and
- If a credit or financial institution, additional fine up to €5,000,000 or 10% of the total annual turnover according to the latest available approved account.

CY Law - The Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 L188(I)/2007 as Amended in 2010, 2012, 2013, 2014, 2016, 2018, 2019 and 2021 by Laws 58(I)/2010, 80(I)/2012, 192(I)/2012, 101(I)/2013, 184(I)/2014, 18(I)/2016, 13(I)/2018, 158(I)/2018, 81(I)/2019, 13(I)/2021 and 22(I)/2021.

- 4. (1) Every person who (a) knows or (b) ought to have known:
- (a) Knows: 14 years imprisonment or a fine of up to €500.000 or both of these penalties,
- (b) Ought to have Known: 5 years imprisonment or a fine of up to €50.000 or both of these penalties.

# CY Law - The Combating of Terrorism Law of 2019 L75(I)/2019.

- 25. (1) The Ministry of the Exterior publishes in its formal website the formal list of persons, groups or entities involved in terrorism as identified from the Resolutions or Decisions of the United Nations Security Council (Sanctions) and the Decisions and Regulations of the Council of the European Union (Restrictive Measures)



# CY Law - The Combating of Terrorism Law of 2019 L75(I)/2019.

- 8. (1) Anyone that provides support, in any way, of persons, groups or entities involved in terrorism as identified from the Resolutions or Decisions of the United Nations Security Council (Sanctions) and the Decisions and Regulations of the Council of the European Union (Restrictive Measures), in case of conviction is subject, to imprisonment not exceeding 8 years or a pecuniary penalty not exceeding €150,000 or both penalties.

# CY - Directives

CBC – Directive for the Prevention of Money Laundering and Terrorist Financing Directive to Credit Institutions in Accordance with Article 59(4) of the Prevention and Suppression of Money Laundering Laws of 2007 to 2018 of February 2019.

CBC - Directive for Compliance with the Provisions of UN Security Council Resolutions and the Decisions/Regulations of the Council of the European Union of March 2020.

CySEC - Directive of the Cyprus Securities and Exchange Commission for the Prevention and Suppression of Money Laundering and Terrorist Financing of March 2020.

ICPAC - Directive to the members of ICPAC on Anti-Money Laundering and Combating Terrorist Financing Activities of July 2021.

ICPAC – Directive for the Provisions of UN Security Council Resolutions (Sanctions) and the Decisions/Regulations of the Council of the European Union (Restrictive Measures) of 2021.

CyBAR - Directive of the Cyprus Bar Association (the “CBA”) to the Members of CBA on Anti-Money Laundering and Counter Terrorist Financing Activities of December 2019.

# CY - Circulars

CySEC – Circular C266 for the Specially Designated Nationals List Update of May 2018.

CySEC – Circular C337 for the OFAC'S Specially Designated Nationals List (SDN List) of September 2019.

CySEC – Circular C474 for the United Nations Security Council Resolutions or Decisions (Sanctions) and the European Union Council's Decisions and Regulations (Restrictive Measures) of October 2021.

CySEC – Circular C475 for the Sanctions Imposed by the Office of Foreign Assets Control (OFAC) of the US Treasury Department of November 2021.

CySEC – Circular C489 for the EU Council's Restrictive Measures and Other Sanctions Against Russia in Response to the Crisis in Ukraine of February 2022.

ICPAC – Circular 2/2022 for the EU Targeted Restrictive Measure Listings of February 2022.

ICPAC – Circular 3/2022 for the Obligations of the Firms under ICPAC's Directive for the Compliance with the Provisions of the UN Security Council Resolutions (Sanctions) and the Decisions/ Regulations of the Council of the European Union (Restrictive Measures) of March 2022.

ICPAC – Circular 5/2022 for the Financial Crimes Enforcement Network of USA Alert in Relation to Potential Russian Sanctions Evasion Attempts of March 2022

CyBAR – Circular 01/03/2022 for the EU Council's Restrictive Measures and Other Sanctions Against Russia in Response to the Crisis in Ukraine of March 2022.

CyBAR - Circular 03/03/2022 for the Additional EU Council's Restrictive Measures and Other Sanctions Against Russia in Response to the Crisis in Ukraine of March 2022.

CYBAR – Circular 09/03/2022 for the Additional EU Council's Restrictive Measures and Other Sanctions Against Russia and Belarus in Response to the Crisis in Ukraine of March 2022.

CYBAR – Circular 22/03/2022 for the Additional EU Council's Restrictive Measures and Other Sanctions Against Russia and Belarus in Response to the Crisis in Ukraine of March 2022.





## Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government

- <http://mof.gov.cy/en/directorates-units/directorate-of-international-financial-institutions-and-financial-management-of-central-government>

# Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 14 March 2022

- On 14 March 2022, the Ministry of Finance in Cyprus issued an announcement on specific processes that the government will adopt in relation to EU and international sanctions and restrictive measures on Russia and Belarus.
- A working group has been established (the Working Group) to deal with the coordination of procedures for the implementation of financial sanctions, giving guidelines to economic operators. **The group comprises key ministries of government and national competent authorities including the Central Bank and the Cyprus Securities and Exchange Commission (CySEC).**
- Processes for the examination of requests for exceptions from EU sanctions (i.e. licence requests) imposed Russian/Belarusian designated persons. The Working Group will also address questions of clarification on the sanctions and will act as a focal point to exchange views, circulating relevant information and, where possible, clarifying questions on the correct interpretation and application of the relevant EU sanctions.

# Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 14 March 2022

- The announcement clarifies that the Russia-Ukraine Working Group will not provide legal advice to the private sector, nor will it replace the operation of existing sanctions committees in Cyprus.
- The existing committees comprise the Financial Sanctions Advisory Committee (**Συμβουλευτική Επιτροπή Οικονομικών Κυρώσεων or SEOK**) and the Unit for the Implementation of Sanctions (**Μονάδα Εφαρμογής Κυρώσεων, MEK or Unit**).
- The Ministry's announcement reminds **banks and other payment/credit institutions** in Cyprus that they should apply for licences (and related) from **SEOK** rather than the Unit in the first instance.
- The Unit **MEK** examines requests submitted by interested parties (e.g. **Cyprus citizens, Cyprus companies, law firms/audit firms, financial institutions but not credit institutions**) regarding the authorisation/approval processes provided by the relevant resolutions of the Security Council/UN and EU Regulations.



# Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 14 March 2022

- The announcement confirms that SEOK will implement EU principles when issuing licences. Namely that they should be issued mainly in the following situations:
- If necessary to meet the **basic needs** of the designated natural or legal persons, entities or bodies and their dependent family members, including payments for **alimony, rent or mortgage, medicines and medical treatment, taxes, premiums and charges to utilities**
- If intended solely for the payment of **reasonable professional remuneration** or to cover the costs associated with the provision of **legal services**
- If intended solely for the payment of fees or charges for services relating to the **ordinary maintenance or safekeeping of frozen funds or financial resources**
- If it is necessary for **extraordinary expenses**, provided that the relevant competent authority has notified the other Member States and the Commission of the reasons why it considers that special authorisation should be granted, at least **two weeks before the authorisation** is granted
- The credit institutions in which the blocked accounts are maintained must forward any requests to SEOK to the email address: [seok@mof.gov.cy](mailto:seok@mof.gov.cy).

## Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 22 March 2022

- In relation to the above, the announcement of the Ministry of Finance (MoF) on 14 March 2022 and in anticipation of formal guidance by the European Commission on specific issues regarding the effective implementation of the measures, the working group has gathered numerous inquiries from market participants. **The MoF is providing below some preliminary guidance on selected specific issues.**
- It should be recalled that the following should not be construed as overriding the authoritative guidance that the European Commission is expected to provide.

# Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 22 March 2022

- **1. In relation to non-sanctioned persons/entities**
- **a. Legal persons, entities or bodies established in Russia**
- Regarding the Council Regulation (EU) 2022/328 of 25.2.2022 amending the existing Council Regulation (EU) 318/2014 of 27.3.2014 and particularly in article 5 there is extensive use of the term "**legal persons, entities or bodies established in Russia**".
- It is the view of the MoF that the definition of entities established in Russia refers only to entities incorporated or registered under the laws of Russia including their branches. Therefore **legal persons, entities or bodies incorporated or registered in any other country other than Russia are not captured by the Regulation**. The latter includes companies for example registered or incorporated in Cyprus under Cyprus Law operating from Cyprus internationally irrespective of the fact that a company might be of Russian Interest. Of course, this does not apply to sanctioned physical and legal persons or entities.



# Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 22 March 2022

- **1. In relation to non-sanctioned persons/entities**
- **b. Prohibition of accepting deposits from Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia, more than 100K per person per credit institution**
- It is the view of MoF that the prohibition of accepting deposits more than 100K per person per credit institution **should not apply in the cases that the amounts are intended for the repayment of own liabilities (e.g. loans, current accounts).**

# Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 22 March 2022

- **2. In relation to sanctioned persons/entities**
- **a. Services provided to sanctioned persons/entities**
- It is the view of the MoF that the provision of services to a sanctioned entity, can and only be allowed when these services are:
  - (i) strictly limited to what is **absolutely necessary to continue to exist** and
  - (ii) strictly limited **to essential activities without which the person/entity would not be able to function legally,**

# Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 22 March 2022

- **2. In relation to sanctioned persons/entities**
- **a. Services provided to sanctioned persons/entities**
- The opinion of European Commission of 29.8.2019 confirms that **essential services** include drawing up of **annual accounts, bookkeeping, declaring taxes, ensuring the administrative management (strictly limited to what is necessary to continue to exist) of a company, the payment of taxes**. It is the view of the MoF that the essential services can be provided as if they are strictly of the nature aforementioned.
- It is noted that, if these services, later are **not recognised as essential by the competent authority when examining the authorisation of payment** of these services, the competent authority **will not authorise the payment of the service**



# Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 22 March 2022

- **2. In relation to sanctioned persons/entities**
- **b. General authorization of specific payments from sanctioned persons/entities**
- It is the view of MoF that the release of frozen funds by a credit institution, for the payment of amounts due to public authorities namely:
  - **1.Tax, 2.Social insurance, 3.Company Registrar fees, and 4.Public utilities charges.**
- **is deemed as authorised.**

# Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 22 March 2022

- **2. In relation to sanctioned persons/entities**
- **b. General authorization of specific payments from sanctioned persons/entities**
- The general authorization of **specific payments is provided only for payments to public authorities** in order to ensure that no funds will be made available to sanctioned persons with no authorisation.
- The **credit institutions are responsible to ensure** that these amounts are paid to the public services, the amounts are reasonable and the release of funds is only allowed by way of transfer or direct debit from the account of the sanctioned person to the public authority.
- The **Credit Institutions are responsible to disclose** to the competent authority the amounts released from sanctioned entities with the relevant evidence under this general authorisation **at the end of each month**. Any other amount released by the Credit Institution will be considered as making funds available to the designated person without authorisation.

# Ministry of Finance - Directorate of International Financial Institutions and Financial Management of Central Government – 22 March 2022

- **3. ΣΕΟΚ**
  - For any other exemptions of frozen funds that might be allowed according to the Council Regulation EU 269/2014 of 14.3.2014 the **credit institutions should apply** to the competent authority, the Advisory Body on Economic Sanctions (ΣΕΟΚ) following the existing procedures.
- **4. ΜΕΚ**
  - **For any other applications for exemptions** to the prohibitions related with the financial sector the interested persons should apply to the competent authority, the Unit for the Implementation of Sanctions in the Financial Sector (ΜΕΚ) following the existing procedures.
- **Important: This guidance is provided on an informal basis, and does not commit the Ministry of Finance. Only the Court of Justice of the EU is competent to authoritatively interpret Union law.**



**Unit for the Implementation of Sanctions in the Financial Sector in relation to Sanctions imposed by UN Security Council Resolutions and Restrictive Measures imposed by European Union (EU) Council Regulations**

The Ministerial Council at its meeting on February 25, 2016, decided the establishment of the Unit for the Implementation of Sanctions in the Financial Sector in relation to Sanctions imposed by UN Security Council Resolutions and Restrictive Measures imposed by European Union (EU) Council Regulations.

The Unit will deal with the examination of requests that fall within the financial sector affected by UN sanctions and/or EU restrictive measures and will submit relevant recommendations for approval or rejection, with the final decision to be taken collectively or by a majority of the Ministers of Finance, Foreign Affairs and Energy, Commerce, Industry and Tourism or their representatives.

The Unit will be chaired by Mr. Kyriacos Kakouris, Head of the Directorate of Administration and Finance. The Unit will consist of representatives of the Ministries of Finance, Foreign Affairs and Energy, Commerce, Industry and Tourism, of the Legal Service, of the Central Bank of Cyprus and the Cyprus Securities and Exchange Commission.

Information for existing sanctions regimes SC/UN and the relevant Sanction Committees SC/UN for monitoring of their implementation, as well as information for the relevant Expert Groups which, in general, assist the operation of the relevant Sanction Committees SC/UN, may be found on the UN website:

<https://www.un.org/sc/suborg/en/sanctions/information>

The official website of the UN which contains all the necessary information regarding the Decisions/Resolutions of the SC/UN which are related to the imposition of sanctions per year is:

<http://www.un.org/en/sc/documents/resolutions/>

Visit the following link for the updated version of Restrictive Measures (Sanctions) by EU regulations:

[http://eeas.europa.eu/cfsp/sanctions/docs/measures\\_en.pdf](http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf)

Any applications for examination by the Unit should be sent to the e-mail address below:

E-mail: [sanctionsunit@mof.gov.cy](mailto:sanctionsunit@mof.gov.cy)

Contact Information

Contact person: Costas Constantinides

Tel.: 22601263

ΜΕΡΟΣ Α

Κανονισμός κάτω από τον οποίο υποβάλλεται η αίτηση	
Να καταγραφούν οποιαδήποτε δεδομένα τα οποία καθιστούν κατά την άποψή σας το αίτημα επείγον	

ΜΕΡΟΣ Β

Ημερομηνία αίτησης	
Όνομα αιτητή <sup>1</sup> <small>(φυσικό ή νομικό πρόσωπο)</small>	
Εάν το όνομα του αιτητή περιλαμβάνεται σε κατάλογο κυρώσεων, να δοθούν λεπτομέρειες	
Τομέας δραστηριότητας του αιτητή	
Διεύθυνση του αιτητή	
Στοιχεία επικοινωνίας – όνομα	
Στοιχεία επικοινωνίας – τηλέφωνο/fax	
Στοιχεία επικοινωνίας – email	

ΜΕΡΟΣ Γ

Επεξηγήστε την προτεινόμενη συναλλαγή / δραστηριότητα καθώς και τις σχετικές ισχύουσες πρόνοιες των κυρώσεων που επιβάλλουν την υποβολή αίτησης.

1. <sup>1</sup> Να προσκομιστεί αντίγραφο ταυτότητας ή διαβατήριου του αιτητή. Σε περίπτωση νομικού προσώπου πχ εταιρείας, να προσκομιστούν αντίγραφα των νομικών εγγράφων της εταιρείας συμπεριλαμβανομένης της κεφαλαιουχικής δομής (shareholding structure) καθώς και στοιχεία του (των) τελικό(ων) δικαιούχου(ων) μαζί με αντίγραφο(α) της ταυτότητας/διαβατηρίου του(ους).

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**ΜΕΡΟΣ Γ (συνέχεια)**

Επεξηγήστε την προτεινόμενη συναλλαγή/ δραστηριότητα καθώς και τις σχετικές ισχύουσες πρόνοιες των κυρώσεων που επιβάλλουν την υποβολή αίτησης.



**ΜΕΡΟΣ Δ**

Άλλες πληροφορίες ή στοιχεία που θεωρείται ότι θα είναι χρήσιμα να τα γνωρίζει η Μονάδα

**ΜΕΡΟΣ Ε**

Σε περίπτωση που επιθυμείτε να υποβάλετε έγγραφα προς υποστήριξη της αίτησης, απαριθμήστε τα πιο κάτω:

Μονάδα Εφαρμογής Κυρώσεων στο Χρηματοπιστωτικό Τομέα  
Φ/δι Υπουργείου Οικονομικών  
Τηλ. 22601263  
E-mail: [sanctionsunit@mof.gov.cy](mailto:sanctionsunit@mof.gov.cy)



# **MOKAS**

**UNIT FOR COMBATING MONEY LAUNDERING**

## The Unit for Combating Money Laundering (MOKAS)

- <https://reports.mokas.law.gov.cy/live/Home>



UNIT FOR  
COMBATING  
MONEY LAUNDERING

# go BEYOND

New Technologies  
against **M**oney **L**aundering

[www.norwaygrants.org](http://www.norwaygrants.org)



# Reporting to Regulatory Authorities







EUROPEAN UNION

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

European Council – Council of the  
European Union |



# EU Restrictive Measures in Response to the Crisis in Ukraine

- EU adopts measures to respond to Russia's military aggression
- Since the Russian recognition of the non-government controlled areas of the Donetsk and Luhansk oblasts of Ukraine, and the beginning of the Russian military aggression against Ukraine, the EU has reacted with a variety of restrictive measures.
- <https://www.consilium.europa.eu/en/policies/eu-response-ukraine-invasion/>



# EU Restrictive Measures in Response to the Crisis in Ukraine

- Timeline - EU restrictive measures in response to the crisis in Ukraine
- <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-ukraine-crisis/history-ukraine-crisis/>
- EU response to Russia's invasion of Ukraine
- <https://www.consilium.europa.eu/en/policies/eu-response-ukraine-invasion/>
- Guidance note on the implementation of certain provisions of Regulation (EU) No 833/2014 concerning restrictive measures
- [https://europa.eu/newsroom/sites/default/files/docs/body/1\\_act\\_part1\\_v2\\_en.pdf](https://europa.eu/newsroom/sites/default/files/docs/body/1_act_part1_v2_en.pdf)
- Factsheet EU-Ukraine relations (EEAS)
- [https://eeas.europa.eu/headquarters/headquarters-homepage/1937\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/1937_en)
- EU Relations with Ukraine (EEAS)
- [https://eeas.europa.eu/delegations/ukraine\\_en](https://eeas.europa.eu/delegations/ukraine_en)



# First Package (23/02/2022)

- On 23 February 2022, the Council agreed on a first package of measures to respond to Russia's decision to recognise the independence of the non-government controlled areas of the Donetsk and Luhansk oblasts.
- The package included:
  - sanctions against 351 members of the Russian State Duma who voted in favour of the recognition
  - sanctions against an additional 27 individuals and entities
  - restrictions on economic relations with the non-government controlled areas of the Donetsk and Luhansk oblasts
  - restrictions on the ability of the Russian state and government to access the EU's capital and financial markets and services





# Second Package (25/02/2022)

- On 25 February 2022, the EU decided to freeze the assets of Russia's president, Vladimir Putin, and its foreign affairs minister, Sergey Lavrov, in response to the military aggression carried out by the Russian Federation against Ukraine.
- In addition, the EU imposed restrictive measures on the members of the National Security Council of the Russian Federation and on the remaining members of the Russian State Duma who supported Russia's recognition of the self-proclaimed Donetsk and Luhansk 'republics'.
- The Council also agreed on a further package of individual and economic restrictive measures. These sanctions cover:
  - the finance, energy, transport and technology sectors
  - visa policy



# Third Package (28/02/2022)

- On 28 February, the EU imposed an airspace ban on any aircraft operated by Russian air carriers and prohibited all transactions with the Russian Central Bank. It also imposed new sanctions on an additional 26 people and one entity



# Fourth Package (02/03/2022)


- On 2 March 2022, the EU decided to:
- suspend the broadcasting activities in the EU of the Russian state-owned outlets Sputnik and Russia Today
- introduce a SWIFT ban for seven Russian banks
- impose sanctions against Belarus in response to its involvement in Russia's military invasion



# Fifth Package (09/03/2022)

- On 9 March 2022, the Council adopted additional measures targeting the Belarusian financial sector, including:
- a SWIFT ban for three Belarusian banks
- a prohibition on transactions with the Central Bank of Belarus
- limits on the financial inflows from Belarus to the EU
- a prohibition on the provision of euro-denominated banknotes to Belarus
- Furthermore, the Council introduced:
- a prohibition on exporting maritime navigation goods and radio communication technology to Russia
- sanctions on 160 new individuals





# Sixth Package (15/03/2022)

- On 15 March 2022, the EU decided to impose a fourth package of economic and individual sanctions in response to Russia's military aggression against Ukraine. The new measures include a ban on:
  - all transactions with certain state-owned enterprises
  - the provision of credit rating services to any Russian person or entity
  - new investments in the Russian energy sector
- The Council expanded the list of persons connected to Russia's defence and industrial base, on whom tighter export restrictions are imposed regarding dual-use goods, goods and technology which might contribute to Russia's technological enhancement of its defence and security sector. The EU also introduced:
  - trade restrictions concerning iron, steel and luxury goods
  - sanctions on an additional 15 individuals and 9 entities



# Detailed Information

- Since March 2014, the EU has progressively imposed restrictive measures in response to the:
- illegal annexation of Crimea in 2014
- decision to recognise the non-government controlled areas of Donetsk and Luhansk oblasts as independent entities in 2022
- unprovoked and unjustified military aggression against Ukraine in 2022



# Detailed Information

- The EU has imposed different types of restrictive measures:
- diplomatic measures
- individual restrictive measures (asset freezes and travel restrictions)
- restrictions on economic relations with Crimea and Sevastopol, and with the non-government controlled areas of Donetsk and Luhansk
- economic sanctions
- sanctions on media
- restrictions on economic cooperation



# Diplomatic Measures

- In 2014, the EU-Russia summit was cancelled and EU member states decided not to hold regular bilateral summits with Russia. Bilateral talks with Russia on visa matters, as well as on the new agreement between the EU and Russia, were suspended.
- Instead of the G8 summit in Sochi, a G7 meeting was held - without Russia - in Brussels on 4-5 June 2014. Since then, meetings have continued within the G7 process.
- EU countries also supported the suspension of negotiations over Russia's joining the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA).
- In February 2022, following Russia's military aggression against Ukraine, the EU decided that diplomats, other Russian officials and business people are no longer able to benefit from visa facilitation provisions, which allow privileged access to the EU. This decision doesn't affect ordinary Russian citizens.





# Individual Restrictive Measures (Asset Freezes and Travel Restrictions)

- 877 people and 62 entities are subject to an asset freeze and a travel ban because their actions have undermined Ukraine's territorial integrity, sovereignty and independence. The list of sanctioned persons and entities are kept under constant review and are subject to periodic renewals by the Council.
- These measures were introduced in March 2014. They were last extended until 15 September 2022.
- List of persons and entities under EU restrictive measures over the territorial integrity of Ukraine (Official Journal of the EU)
- [https://eur-lex.europa.eu/eli/dec/2014/145\(1\)/](https://eur-lex.europa.eu/eli/dec/2014/145(1)/)
- Misappropriation of Ukrainian state funds
- In March 2014, the Council decided to freeze the assets of individuals responsible for the misappropriation of Ukrainian state funds. These measures were last extended in March 2020 until 6 March 2022.



## Restrictions on Economic Relations with Crimea and Sevastopol, and with the Non-Government Controlled Areas of Donetsk and Luhansk

- The Council adopted restrictive measures in response to the illegal annexation of Crimea and Sevastopol by the Russian Federation.
- The measures apply to EU nationals and EU-based companies. Their scope is limited to the territory of Crimea and Sevastopol.
- These measures include:
  - an import ban on goods
  - restrictions on trade and investment related to certain economic sectors and infrastructure projects
  - a prohibition on supplying tourism services
  - an export ban on certain goods and technologies
- On 21 June 2021, the Council extended these measures until 23 June 2022.



# Restrictions on Economic Relations with Crimea and Sevastopol, and with the Non-Government Controlled Areas of Donetsk and Luhansk

- The Council adopted restrictive measures in response to the decision by the Russian Federation to proceed with the recognition of the non-government controlled areas of Donetsk and Luhansk oblasts in Ukraine as independent entities, and the ensuing decision to send Russian troops into these areas.
- The scope of the measures is limited to the non-government controlled territories of Donetsk and Luhansk oblasts. These measures include:
  - an import ban on goods
  - restrictions on trade and investment related to certain economic sectors
  - a prohibition on supplying tourism services
  - an export ban on certain goods and technologies
- These measures are in place until 24 February 2023.



# Economic Sanctions

- In July and September 2014, the EU imposed economic sanctions targeting exchanges with Russia in specific economic sectors.
- In March 2015, EU leaders decided to align the existing sanctions regime to the complete implementation of the Minsk agreements, which was scheduled for the end of December 2015. Since this did not happen, the Council extended the economic sanctions until 31 July 2016.
- The economic sanctions have been extended successively for six months at a time since 1 July 2016. The decision to extend them was made each time following an assessment of the implementation of the Minsk agreements. The economic sanctions are currently extended until 31 July 2022.





# Economic Sanctions

- These sanctions target the financial, trade, energy, transport, technology and defence sectors. They include:
- restricted access to EU primary and secondary capital markets for certain Russian banks and companies
- a ban on transactions with the Russian Central Bank and the Central Bank of Belarus
- a SWIFT ban for seven Russian banks and three Belarusian banks
- a prohibition on the provision of euro-denominated banknotes to Russia and Belarus
- a ban on the overflight of EU airspace and on access to EU airports by Russian carriers of all kinds
- a ban on exports to Russia of goods and technology in different sectors (including the aviation, space, oil refining and metallurgical industries)
- a ban on export to Russia of dual-use goods for military use
- an export and import ban on arms



# Sanctions on Media

- On 2 March 2022, the EU approved the suspension of the broadcasting activities in the EU of Sputnik and Russia Today until the aggression against Ukraine is brought to an end and until the Russian Federation and its associated outlets cease conducting disinformation and information manipulation actions against the EU and its member states.
- Sputnik and Russia Today are under the permanent direct or indirect control of the authorities of the Russian Federation and are key to promoting and supporting the military aggression against Ukraine and to destabilising its neighbouring countries.
- EU imposes sanctions on state-owned outlets RT/Russia Today and Sputnik's broadcasting in the EU (press release, 2 March 2022)
- <https://www.consilium.europa.eu/en/press/press-releases/2022/03/02/eu-imposes-sanctions-on-state-owned-outlets-rt-russia-today-and-sputnik-s-broadcasting-in-the-eu/>



# Restrictions on Economic Cooperation

- Restrictions on economic cooperation were introduced by EU leaders in July 2014:
- the European Investment Bank (EIB) was requested to suspend the signing of new financing operations in the Russian Federation
- EU member states agreed to coordinate their positions within the European Bank for Reconstruction and Development (EBRD) Board of Directors with a view to also suspending the financing of new operations
- the implementation of EU bilateral and regional cooperation programmes with Russia was re-assessed and certain programmes suspended

# EU sanctions in response to Russia's invasion of Ukraine

## Sanctions against individuals



Assets freeze and  
travel ban against



Vladimir Putin



Sergey Lavrov



Roman Abramovich



members of the **Russian State Duma**

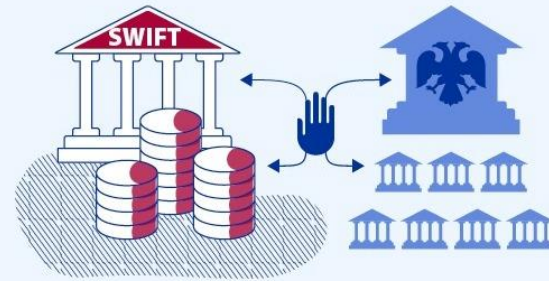


members of the  
**National Security Council**



- high-ranking officials
- businesspeople and oligarchs

## Financial measures



- **SWIFT ban** for 7 Russian banks
- restrictions on Russia's access to the EU's **capital and financial markets** and services
- ban on **transactions** with the Russian Central Bank
- ban on supply of **euro-denominated banknotes** to Russia

## Transport

- closure of EU airspace to all Russian-owned aircraft
- restrictions on **exports** to Russia of maritime navigation goods and radio communication technology



## Energy



- ban on exports to Russia of goods and technologies in the **oil refining** sector
- ban on new **investments** in the Russian energy sector

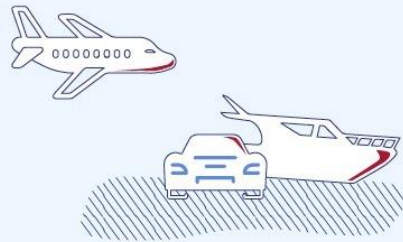


## Defence

Restrictions on **exports** to Russia of dual-use goods and technology for military use



## Metals and luxury goods



Restrictions on **exports** to Russia of iron, steel and luxury goods

## Restrictions on media

Suspension of broadcasting in the EU of state-owned propaganda outlets **Sputnik** and **Russia Today**



## Diplomatic measures



Suspension of **visa facilitation** provisions for Russian diplomats and other Russian officials and businesspeople

## Sanctions against Belarus

In response to its involvement in Russia's military aggression:

- sanctions on Belarusian **military personnel**
- **SWIFT ban** for 3 Belarusian banks
- ban on **transactions** with the Central Bank of Belarus
- limits on **financial inflows** from Belarus to the EU
- ban on supply of **euro-denominated banknotes** to Belarus
- **trade** restrictions



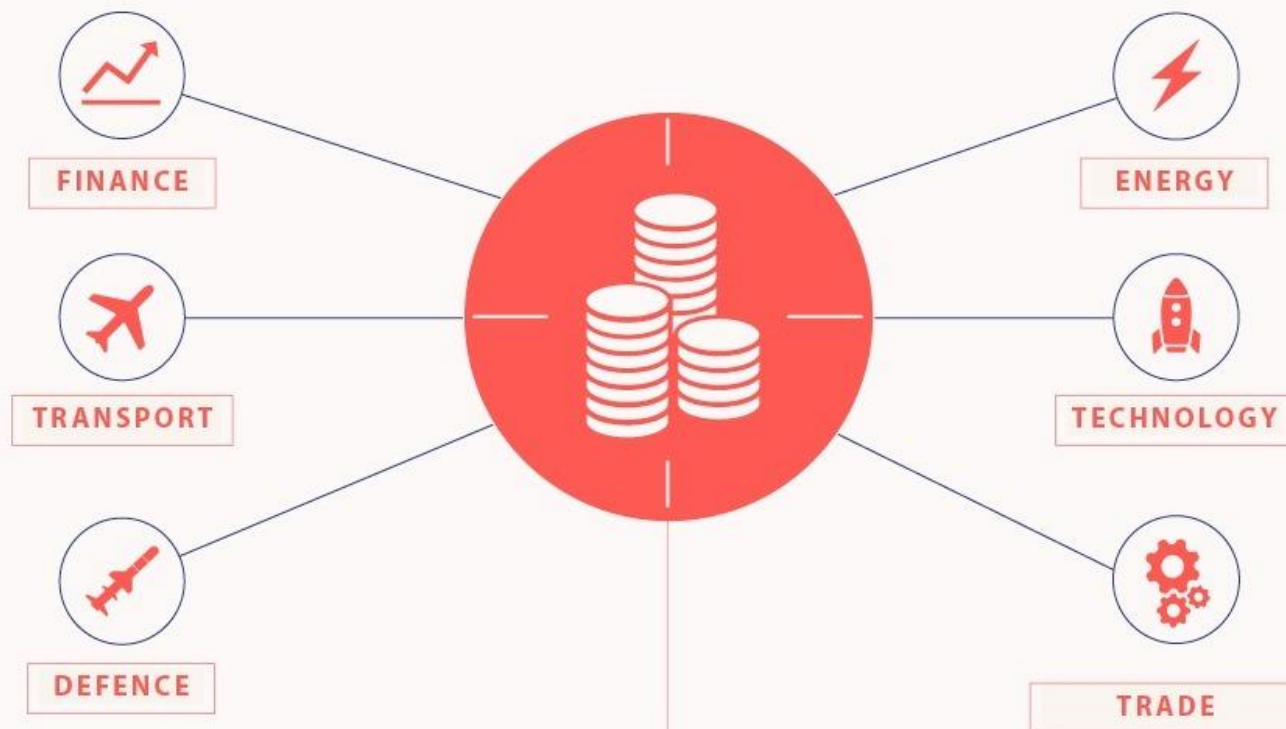
Council of the European Union  
General Secretariat

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# EU sanctions against Russia over Ukraine



## ECONOMIC SANCTIONS AGAINST SECTORS OF THE RUSSIAN ECONOMY



IN PLACE UNTIL



31/07/2022

RENEWED



EVERY 6 MONTHS

*based on an assessment of the Minsk agreements implementation*

UKRAINE



RUSSIA



*The Minsk agreements are a roadmap for ending the war in eastern Ukraine. They were never fully implemented.*

Finance and trade measures target also Belarus.



## SANCTIONS AGAINST INDIVIDUALS AND ENTITIES

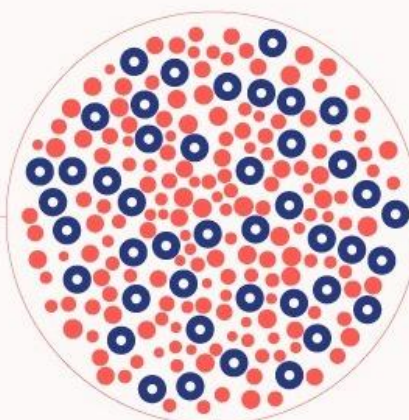


### ASSET FREEZE + TRAVEL RESTRICTIONS

**Assets** of those sanctioned in the EU are **frozen**

**No funds** should be made available to **people sanctioned**

Sanctioned individuals **cannot**



**877**  
PEOPLE

**62**  
ENTITIES

responsible for undermining Ukraine's territorial integrity, sovereignty and independence

Sanctioned individuals cannot travel to the EU



Individuals targeted include  
**22 Belarusians, Russia's President Vladimir Putin and Minister for Foreign Affairs Sergey Lavrov.**



## RESTRICTIONS ON BUSINESS



**Import ban** on goods from the territory

Non-government controlled areas of Donetsk and Luhansk



**Export ban** on certain goods and technologies



Ban on **tourism services**

Crimea and Sevastopol



## DIPLOMATIC MEASURES



## RESTRICTIONS ON MEDIA

Suspension of the broadcasting activities in the EU of the outlets





Regular EU-Russia  
summits are suspended



Russia is no longer  
invited to G8 meetings



Diplomats and business  
people can no longer  
benefit from visa  
facilitation provisions

**Sputnik and Russia Today until:**



the military aggression  
against Ukraine is  
brought to an end



Russia and its associated  
outlets cease conducting  
disinformation  
and information  
manipulation actions



## **RESTRICTION ON ECONOMIC COOPERATION**



**No new lending to Russia by the:**

European Investment Bank (EIB)

European Bank for Reconstruction  
and Development (EBRD)



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United Nations Security Council

# UN Sanctions

- The Security Council can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures, under Article 41, encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the Security Council has established 30 sanctions regimes, in Southern Rhodesia, South Africa, the former Yugoslavia (2), Haiti, Iraq (2), Angola, Rwanda, Sierra Leone, Somalia and Eritrea, Eritrea and Ethiopia, Liberia (3), DRC, Côte d'Ivoire, Sudan, Lebanon, DPRK, Iran, Libya (2), Guinea-Bissau, CAR, Yemen, South Sudan and Mali, as well as against ISIL (Da'esh) and Al-Qaida and the Taliban
- <https://www.un.org/securitycouncil/sanctions/information>



U.S. Department  
of the Treasury -  
Office of Foreign  
Assets Control  
(OFAC)

US - Executive Order 14065  
of February 21, 2022 —  
"Blocking Property of  
Certain Persons and  
Prohibiting Certain  
Transactions With Respect  
to Continued Russian  
Efforts To Undermine the  
Sovereignty and Territorial  
Integrity of Ukraine"

- Ukraine-/Russia-related Sanctions -  
Legal Framework For The Ukraine-  
/Russia-Related Sanctions
- <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>
- Blocking Property of Certain Persons and  
Prohibiting Certain Transactions With Respect to  
Continued Russian Efforts To Undermine the  
Sovereignty and Territorial Integrity of Ukraine
- <https://www.federalregister.gov/documents/2022/02/23/2022-04020/blocking-property-of-certain-persons-and-prohibiting-certain-transactions-with-respect-to-continued>



# UK - Foreign, Commonwealth & Development Office



Foreign, Commonwealth  
& Development Office



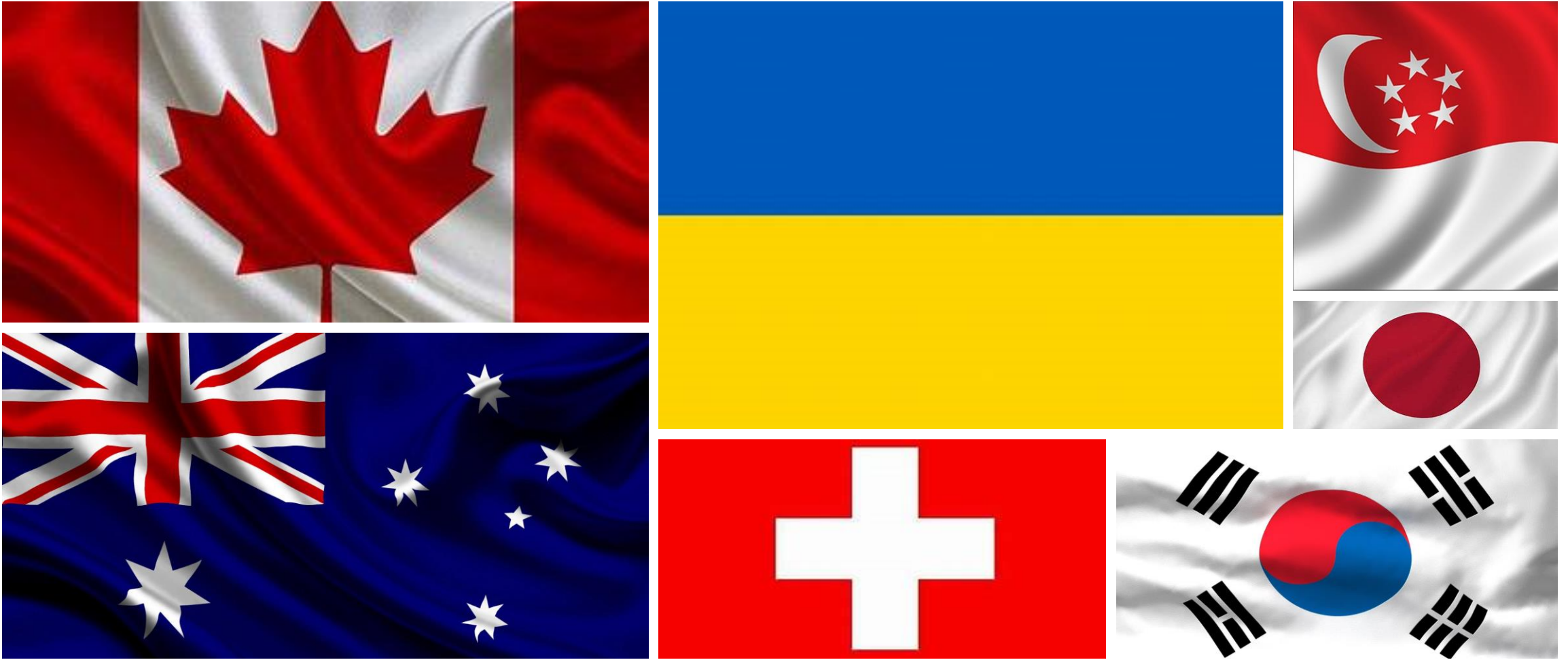
# UK Sanctions Relating to Russia

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The Russia (Sanctions) (EU Exit) Regulations 2019 (No. 1 to No. 6) came fully into force on 31 December 2020 and last updated on March 2022. They are intended to ensure that certain sanctions relating to Russia continue to operate effectively.

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<https://www.gov.uk/government/collections/uk-sanctions-on-russia>



Other Russian Sanctions Regimes



EUROPEAN UNION

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

European Council – Council of the  
European Union

# First Package (23/02/2022) Imposing Additional Transferable Securities and Money-market Instruments Restrictions and Prohibiting New Loans or Credits

- **Sectoral prohibitions regarding the financing of Russia.**
- The following transactions with Russia and its government, the Central Bank of Russia, or any entity acting on behalf of or at the direction of the Central Bank of Russia:
  - to purchase, sell, provide investment service for or assistance in the issuance of, or otherwise deal with transferable securities and money-market instruments issued after March 9, 2022; and
  - to directly or indirectly make or be part of any arrangement to make any new loans or credit to Russia, the government, the Central Bank, or persons acting at the Central Bank's direction. Note that drawdowns or disbursements made under a contract concluded before February 2022 are allowed if all conditions are met.



# First Package (23/02/2022)

Imposing  
Additional  
Transferable  
Securities and  
Money-market  
Instruments  
Restrictions and  
Prohibiting New  
Loans or Credits

- **Measures relating to Donetsk and Luhansk.**
- Such measures include:
- an import ban on goods from these regions;
- a prohibition on certain investments in the regions;
- an export ban for goods and technologies suited to the transport, telecommunications, energy and oil, gas, and mineral sectors;
- a ban on the provision of technical assistance, brokering, construction, or engineering services to infrastructure in the regions and within the aforementioned sectors; and
- a prohibition to supply tourism services.

# First Package (23/02/2022)

Imposing  
Additional  
Transferable  
Securities and  
Money-market  
Instruments  
Restrictions and  
Prohibiting New  
Loans or Credits

- **Blocking designations.**
- Blocked designations comprise 22 people, including members of the government, senior military personnel, people working for “pro-Russian” media, and businesspeople, as well as 336 members of the Russian State Duma, in addition to the following four entities:
- Internet Research Agency, Bank Rossiya, Promsvyazbank, and RF. For these three designated banks (Bank Rossiya, Promsvyazbank, and VEB.RF), member states may authorize the unblocking of funds or economic resources or making available of certain funds, when necessary, for the termination by August 24, 2022 of operations, contracts, or other agreements, including corresponding banking relations that were in place before February 23, 2022.

## Second Package (25/02/2022) Of Restrictive Measures Imposing Additional Sanctions

- **Financial restrictions.**
- Extended financial restrictions on the access of certain Russian entities to capital markets. In particular, four additional banks (Alfa Bank, Bank Otkritie, Bank Rossiya, and Promsvyazbank) and eight corporations (Almaz-Antey, Kamaz, Novorossiysk Commercial Sea Port, Rostec, Russian Railways, Sevmash, Sovcomflot, and United Shipbuilding Corporation) are now subject to the EU capital market sanctions.
- Prohibited provision of services in relation to shares of Russian state-owned entities on Union trading venues. In addition, EU central securities depositories may no longer provide services for transferable securities issued after April 12, 2022, to any Russian persons, and no euro-denominated transferable securities issued after April 12, 2022 can be sold to Russian persons or entities, again subject to certain exceptions.
- Prohibited the acceptance of deposits exceeding 100,000 Eur from Russian nationals or residents, the holding of accounts of Russian clients by Union central securities depositories, and the selling of euro-denominated securities to Russian clients;

## Second Package (25/02/2022) Of Restrictive Measures Imposing Additional Sanctions

- **Export ban.**
- This ban further restricts transactions relating to:
- goods and technology suited for use in oil refining, together with restrictions on the provision of related services;
- goods and technology suited for use in the aviation and space industry;
- dual-use goods and technology listed in Annex I to Regulation (EU) 2021/821; and
- goods and technology that might contribute to Russia's military and technological enhancement, or the development of the defense and security sector.
- The ban includes the provision of related services, such as technical assistance, brokering and financing, and certain sector-related activities.

## Second Package (25/02/2022) Of Restrictive Measures Imposing Additional Sanctions

- **Amended blocking designations criteria.**
- Based on the amended EU designation criteria, the EU can now designate:
- persons supporting, materially or financially, or benefitting from the Government of the Russian Federation; and
- leading businesspersons or entities involved in economic sectors providing a substantial source of revenue for Russia.



## Second Package (25/02/2022) Of Restrictive Measures Imposing Additional Sanctions

- **Blocking designations and visa restrictions.**
- The EU, in line with other countries such as the United States and the UK, designated Putin, his Foreign Minister, and other high-ranking officials. These designations subject them to asset freezes. The EU has also suspended its visa facilitation process allowing for privileged access to the EU for Russian diplomats, other officials, and businesspeople.

## Third Package (28/02/2022) Of Restrictive Measures Imposing Additional Sanctions

- **Additional financial restrictions.**
- These restrictions consist of a prohibition of all transactions related to the management of reserves as well as of assets of the Central Bank of Russia, including transactions with any legal person, entity, or body acting on behalf of, or at the direction of, the Central Bank of Russia.

## Third Package (28/02/2022) Of Restrictive Measures Imposing Additional Sanctions

- **Ban on Russian aircraft.**
- Member states are required to deny permission to land in, take off from, or overfly their territories to any aircraft operated by Russian air carriers, including as a marketing carrier, to any Russian-registered aircraft, and to non-Russian-registered aircraft that are owned or chartered, or otherwise controlled, by a Russian legal or natural person.

## Third Package (28/02/2022) Of Restrictive Measures Imposing Additional Sanctions

- **Additional blocking sanctions.**
- Gas industry insurance company SOGAZ was added to Annex I to Regulation (EU) No 269/2014, along with 26 other individuals close to Putin, members of the Russian media, or members of the Russian military.

# Fourth Package (02/03/2022) Of Restrictive Measures Imposing Additional Sanctions

- **SWIFT Restrictions.**
- As of March 12, the provision of SWIFT services is prohibited to the following banks or any entity established in Russia and owned directly or indirectly 50% or more by:
  - Bank Otkritie
  - Novikombank
  - Promsvyazbank
  - Bank Rossiya
  - Sovcombank
  - VNESHECONOMBANK (VEB); and
  - VTB BANK.
- These restrictions, in practice, are some of the most impactful restrictions imposed so far, as they directly impact the ability of these Russian banks to conduct international trade. While Russia has created a national Russian version of SWIFT (SPFS), and internal transfers may not be affected, the international payment system will be.



## Fourth Package (02/03/2022) Of Restrictive Measures Imposing Additional Sanctions

- **Additional financial restrictions.**
- Additional financial restrictions were also imposed, such as prohibiting the sale, supply, transfer, or export of euro banknotes to Russia or to any person in Russia (including the Russian government), or for use in Russia. The EU also issued some exceptions for personal use and diplomatic missions. In addition, the EU has prohibited the investment, participation, or contribution to projects co-financed by the RDIF (Russian Direct Investment Fund), for contracts concluded after March 2, 2022.

## Fourth Package (02/03/2022) Of Restrictive Measures Imposing Additional Sanctions

- **Restrictions on state-owned media outlets.**
- The EU prohibits operators from broadcasting, enabling, or facilitating the broadcast of the following media outlets and prohibits any broadcasting license or authorization and distribution agreement with these entities: RT – Russia Today English; RT– Russia Today UK; RT – Russia Today Germany; RT – Russia Today France; RT – Russia Today Spanish; and Sputnik.

# Fifth Package (09/03/2022) Of Restrictive Measures Sanctioning Russian Oligarchs and Imposing Measures on Belarus

- **Designation of 160 individuals,**
- Including 146 members of the Russian Federation Council, the entity who ratified the Treaties of friendship, cooperation, and mutual assistance with the independentist regions of Donetsk and Luhansk. 14 new Russian oligarchs have also been added to this list.

Fifth Package  
(09/03/2022)  
Of Restrictive  
Measures  
Sanctioning  
Russian Oligarchs  
and Imposing  
Measures on  
Belarus

- **Maritime navigation and radio communication technology.**
- The EU prohibited to sell, supply, transfer, export, or provide technical, brokering, or financial assistance in relation to certain type of navigation goods and technology.

# Fifth Package (09/03/2022) Of Restrictive Measures Sanctioning Russian Oligarchs and Imposing Measures on Belarus

- **Measures targeting Belarus.**
- These measures include prohibitions that are similar to some financial restrictions already imposed on Russia, such as (i) the prohibition on transactions with the Central Bank of Belarus, (ii) the sale, supply, transfer, or export of euro-denominated banknotes to or for use in Belarus (including the Government and Central Bank), (iii) to list and provide services on trading venues registered or recognized in the Union for the transferable securities (after April 12), (iv) public financing, financial assistance or investment in Belarus, (v) accepting deposits from Belarusian nationals, residents or entities in excess of 100,000 euros, etc.



# Fifth Package (09/03/2022) Of Restrictive Measures Sanctioning Russian Oligarchs and Imposing Measures on Belarus

- **A SWIFT ban for three Belarusian banks:**
- Belagroprombank, Bank Dabrabyt, and Development Bank of the Republic of Belarus, and any entity or body established in Belarus whose proprietary rights are directly or indirectly owned for more than 50 % by these banks.

# Sixth Package (15/03/2022) Of Restrictive Measures Sanctioning Russian Oligarchs and Imposing Measures on Belarus

- **Additional financial restrictions.**
- A full prohibition of any transactions with certain Russian State-owned enterprises across different sectors - the Kremlin's military-industrial complex.
- An EU import ban on those steel products currently under EU safeguard measures, amounting to approximately € 3.3 billion in lost export revenue for Russia. Increased import quotas will be distributed to other third countries to compensate.
- A far-reaching ban on new investment across the Russian energy sector, with limited exceptions for civil nuclear energy and the transport of certain energy products back to the EU.

# Sixth Package (15/03/2022) Of Restrictive Measures Sanctioning Russian Oligarchs and Imposing Measures on Belarus

- **Additional financial restrictions.**
- An EU export ban on luxury goods (e.g. luxury cars, jewellery, etc.) to directly hit Russian elites.
- Moreover, the list of sanctioned persons and entities has been further extended to include more oligarchs and business elites linked to the Kremlin, as well as companies active in military and defence areas, which are logistically and materially supporting the invasion. There are also new listings of actors active in disinformation.
- A ban on the rating of Russia and Russian companies by EU credit rating agencies and the provision of rating services to Russian clients, which would result in them losing even further access to the EU's financial markets.

# Sixth Package (15/03/2022) Of Restrictive Measures Sanctioning Russian Oligarchs and Imposing Measures on Belarus

- **Denying Russia most favoured nation status**
- The EU, together with other World Trade Organization (WTO) members, agreed today to deny Russian products and services most favoured nation treatment in EU markets. This follows an announcement on Friday 11 March by G7 members. This will suspend the significant benefits that Russia enjoys as a WTO member. These actions against Russia protect the essential security interests of the EU and its partners in light of Russia's unprovoked, premeditated and unjustified aggression against Ukraine, assisted by Belarus. They are fully justified under WTO law.





# Sanctions Shareholders Aggregation Loophole



# EU Sanctions Legislation - Aggregation

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- "Question: Joint ownership - Regarding the threshold of 50% for an entity to be considered as being owned by a listed person, does this only refer to a single listed person or can it be interpreted as allowing the sum of ownership by more than one listed person? For example, if one listed person owns 26% and a second one owns 26%, is the threshold reached? Or is this 50% ownership requirement limited to one single listed person?"
- EU Response: One should look at the aggregated ownership of the company. If one listed person owns 30% of the company and another listed person owns 25% of the company, the company should be considered as jointly owned and controlled by listed persons. Dealing with the company could then be considered as making funds or economic resources indirectly available to the listed persons."
- [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions/sanctions-adopted-following-russias-military-aggression-against-ukraine\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions/sanctions-adopted-following-russias-military-aggression-against-ukraine_en)
- **Overall Conclusion: Aggregation to be taken into account**



# US Sanctions Legislation - Aggregation

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- “Question: 399. Does OFAC aggregate ownership stakes of all blocked persons when determining whether an entity is blocked pursuant to OFAC’s 50 Percent Rule?”
- USA Response: Yes. On August 13, 2014, OFAC indicated in its revised 50 Percent Rule guidance that OFAC's 50 Percent Rule applies to entities owned 50 percent or more in the aggregate by one or more blocked persons. Accordingly, if Blocked Person X owns 25 percent of Entity A, and Blocked Person Y owns another 25 percent of Entity A, Entity A is considered to be blocked. This is so because Entity A is owned 50 percent or more in the aggregate by one or more blocked persons. For the purpose of calculating aggregate ownership, the ownership interests of persons blocked under different OFAC sanctions programs are aggregated.”
- <https://home.treasury.gov/policy-issues/financial-sanctions/faqs/topic/1521#:~:text=OFAC's%2050%20Percent%20Rule%20states,blocked%20persons%20are%20considered%20blocked.>
- **Overall Conclusion: Aggregation to be taken into account**



# UK Sanctions Legislation - Aggregation

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- "4.1.4 Aggregation: When making an assessment on ownership and control, OFSI would not simply aggregate different designated persons' holdings in a company, unless, for example, the shares or rights are subject to a joint arrangement between the designated parties or one party controls the rights of another. Consequently, if each of the designated person's holdings falls below the 50% threshold in respect of share ownership and there is no evidence of a joint arrangement or that the shares are held jointly, the company would not be directly or indirectly owned by a designated person.
- It should be noted that ownership and control also relates to holding more than 50% of voting rights, the right to appoint or remove a majority of the board of directors and it being reasonable to expect that a designated person would be able in significant respects to ensure that the affairs of a company are conducted in accordance with their wishes. If any of these apply, the company could be controlled by a designated person."
- [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1062452/General\\_Guidance\\_-\\_UK\\_Financial\\_Sanctions.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1062452/General_Guidance_-_UK_Financial_Sanctions.pdf)
- **Overall Conclusion: Aggregation NOT to be taken into account**





# Scenario 1 - Aggregation

- Company CY Ltd (Cyprus entity) owns (100% holding) Company UK Ltd (UK entity). Company CY Ltd is owned by Vladimir Putin by 50% (plus 1 share) and the remaining % holding from non-sanction individuals.
- In this scenario Company CY Ltd and Company UK Ltd will also be considered sanctioned from EU, USA and UK Sanctions Legislation.





## Scenario 2 - Aggregation



- Company CY Ltd (Cyprus entity) owns (100% holding) Company UK Ltd. Company CY Ltd is owned by Vladimir Putin by 49%, by Sergey Lavrov by 49% and by Roman Abramovich by 2%.
- In this scenario Company CY Ltd and Company UK Ltd will also be considered sanctioned from EU and USA but **NOT from UK Sanctions Legislation!**







Sanctions  
Internal  
Procedures  
and Controls



# Sanctions Compliance Program (SCP)

Management Commitment

Risk Assessment

Internal Controls

Testing and Auditing

Training

# Sanctions Compliance Program (SCP)

When applying the Guidelines to a given factual situation, Authorities will consider favourably subject persons that had effective SCP at the time of an apparent violation.

For example, Authorities may consider the existence, nature, and adequacy of an SCP, and when appropriate, may mitigate a penalty on that basis. Subject persons that have implemented effective SCPs that are predicated on the five essential components of compliance may also benefit from further mitigation of penalties when the SCP results in remedial steps being taken.

Finally, Authorities may, in appropriate cases, consider the existence of an effective SCP at the time of an apparent violation as a factor in its analysis as to whether a case is deemed “egregious – i.e. outstandingly bad”.



# Management Commitment 1

- Senior Management's commitment to, and support of, an organization's risk-based SCP is one of the most important factors in determining its success. This support is essential in ensuring the SCP receives adequate resources and is fully integrated into the organization's daily operations, and also helps legitimize the program, empower its personnel, and foster a culture of compliance throughout the organization.



# Management Commitment 2

- Senior management commitment to supporting an organization's SCP is a critical factor in determining the success of the SCP. Effective management support includes the provision of adequate resources to the compliance unit(s) and support for compliance personnel's authority within an organization. The term "senior management" may differ among various organizations, but typically the term should include senior leadership, executives, and/or the board of directors.

# Management Commitment 3

- I. Senior management has reviewed and approved the organization's SCP.
- II. Senior management ensures that its compliance unit(s) is/are delegated sufficient authority and autonomy to deploy its policies and procedures in a manner that effectively controls the organization's sanctions risk. As part of this effort, senior management ensures the existence of direct reporting lines between the SCP function and senior management, including routine and periodic meetings between these two elements of the organization.
- III. Senior management has taken, and will continue to take, steps to ensure that the organization's compliance unit(s) receive adequate resources—including in the form of human capital, expertise, information technology, and other resources, as appropriate—that are relative to the organization's breadth of operations, target and secondary markets, and other factors affecting its overall risk profile.

# Management Commitment 4

- IV. Senior management promotes a “culture of compliance” throughout the organization.
- V. Senior management demonstrates recognition of the seriousness of apparent violations of the laws and regulations administered by Authorities, or malfunctions, deficiencies, or failures by the organization and its personnel to comply with the SCP’s policies and procedures, and implements necessary measures to reduce the occurrence of apparent violations in the future. Such measures should address the root causes of past apparent violations and represent systemic solutions whenever possible.

# Risk Assessment 1

- Risks in sanctions compliance are potential threats or vulnerabilities that, if ignored or not properly handled, can lead to violations of sanctions' regulations and negatively affect an organization's reputation and business. Authorities recommend that organizations take a risk-based approach when designing or updating an SCP. One of the central tenets of this approach is for organizations to conduct a routine, and if appropriate, ongoing "risk assessment" for the purposes of identifying potential sanctions issues they are likely to encounter. As described in detail below, the results of a risk assessment are integral in informing the SCP's policies, procedures, internal controls, and training in order to mitigate such risks.

# Risk Assessment 2

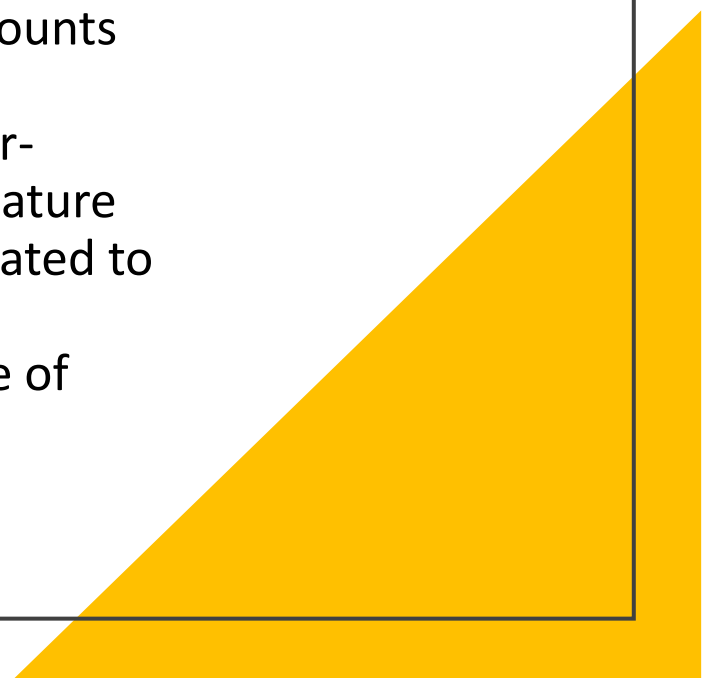
- While there is no “one-size-fits all” risk assessment, the exercise should generally consist of a holistic review of the organization from top-to-bottom and assess its touchpoints to the outside world. This process allows the organization to identify potential areas in which it may, directly or indirectly, engage with sanctions-prohibited persons, parties, countries, or regions. For example, an organization’s SCP may conduct an assessment of the following: (i) customers, supply chain, intermediaries, and counter-parties; (ii) the products and services it offers, including how and where such items fit into other financial or commercial products, services, networks, or systems; and (iii) the geographic locations of the organization, as well as its customers, supply chain, intermediaries, and counter-parties. Risk assessments and sanctions-related due diligence is also important during mergers and acquisitions, particularly in scenarios involving non-EU companies or corporations.



# Risk Assessment 3

- A fundamental element of a sound SCP is the assessment of specific clients, products, services, and geographic locations in order to determine potential sanctions risk. The purpose of a risk assessment is to identify inherent risks in order to inform risk-based decisions and controls.

# Risk Assessment 4

- I. The organization conducts, or will conduct, a sanctions' risk assessment in a manner, and with a frequency, that adequately accounts for the potential risks. Such risks could be posed by its clients and customers, products, services, supply chain, intermediaries, counterparties, transactions, and geographic locations, depending on the nature of the organization. As appropriate, the risk assessment will be updated to account for the root causes of any apparent violations or systemic deficiencies identified by the organization during the routine course of business.
- 
- A large yellow triangle is positioned in the bottom right corner of the slide, pointing towards the top right.

# Risk Assessment 5

- II. The organization has developed a methodology to identify, analyse, and address the particular risks it identifies. As appropriate, the risk assessment will be updated to account for the conduct and root causes of any apparent violations or systemic deficiencies identified by the organization during the routine course of business, for example, through a testing or audit function.

# Internal Controls 1

- An effective SCP should include internal controls, including policies and procedures, in order to identify, interdict, escalate, report (as appropriate), and keep records pertaining to activity that may be prohibited by the regulations and laws administered relating to Sanctions. The purpose of internal controls is to outline clear expectations, define procedures and processes pertaining to sanctions compliance (including reporting and escalation chains), and minimize the risks identified by the organization's risk assessments. Policies and procedures should be enforced, weaknesses should be identified (including through root cause analysis of any compliance breaches) and remediated, and internal and/or external audits and assessments of the program should be conducted on a periodic basis.

# Internal Controls 2

- Given the dynamic nature of economic and trade sanctions, a successful and effective SCP should be capable of adjusting rapidly to changes published by Authorities. These include the following: (i) updates to Sanction List of Specially Designated Nationals and Blocked Persons, the Sectoral Sanctions Identification List, and other sanctions- related lists; (ii) new, amended, or updated sanctions programs or prohibitions imposed on targeted foreign countries, governments, regions, or persons, through the enactment of new legislation, the issuance of new Executive orders, regulations, or published EU guidance or other sanctions; and (iii) the issuance of general licenses.



# Internal Controls 3

- Effective sanctions' compliance programs generally include internal controls, including policies and procedures, in order to identify, interdict, escalate, report (as appropriate), and keep records pertaining to activity that is prohibited by the sanctions programs administered. The purpose of internal controls is to outline clear expectations, define procedures and processes pertaining to sanctions' compliance, and minimize the risks identified by an entity's sanctions' risk assessments. Policies and procedures should be enforced, and weaknesses should be identified (including through root cause analysis of any compliance breaches) and remediated in order to prevent activity that might violate the sanctions programs administered.

# Internal Controls 4

- I. The organization has designed and implemented written policies and procedures outlining the SCP. These policies and procedures are relevant to the organization, capture the organization's day-to-day operations and procedures, are easy to follow, and designed to prevent employees from engaging in misconduct.
- II. The organization has implemented internal controls that adequately address the results of its sanctions' risk assessment and profile. These internal controls should enable the organization to clearly and effectively identify, interdict, escalate, and report to appropriate personnel within the organization transactions and activity that may be prohibited by Authorities. To the extent information technology solutions factor into the organization's internal controls, the organization has selected and calibrated the solutions in a manner that is appropriate to address the organization's risk profile and compliance needs, and the organization routinely tests the solutions to ensure effectiveness.

# Internal Controls 5

- III. The organization enforces the policies and procedures it implements as part of its sanctions' compliance internal controls through internal and/or external audits.
- IV. The organization ensures that its sanctions-related recordkeeping policies and procedures adequately account for its requirements pursuant to the sanctions programs administered.
- V. The organization ensures that, upon learning of a weakness in its internal controls pertaining to sanctions compliance, it will take immediate and effective action, to the extent possible, to identify and implement compensating controls until the root cause of the weakness can be determined and remediated.

# Internal Controls 6

- VI. The organization has clearly communicated the SCP's policies and procedures to all relevant staff, including personnel within the SCP program, as well as relevant gatekeepers and business units operating in high-risk areas (e.g., customer acquisition, payments, sales, etc.) and to external parties performing SCP responsibilities on behalf of the organization.
- VII. The organization has appointed personnel for integrating the SCP's policies and procedures into the daily operations of the company or corporation. This process includes consultations with relevant business units, and confirms the organization's employees understand the policies and procedures.

# Testing and Auditing 1

- Audits assess the effectiveness of current processes and check for inconsistencies between these and day-to-day operations. A comprehensive and objective testing or audit function within an SCP ensures that an organization identifies program weaknesses and deficiencies, and it is the organization's responsibility to enhance its program, including all program-related software, systems, and other technology, to remediate any identified compliance gaps. Such enhancements might include updating, improving, or recalibrating SCP elements to account for a changing risk assessment or sanctions environment. Testing and auditing can be conducted on a specific element of an SCP or at the enterprise-wide level.

# Testing and Auditing 2

- A comprehensive, independent, and objective testing or audit function within an SCP ensures that entities are aware of where and how their programs are performing and should be updated, enhanced, or recalibrated to account for a changing risk assessment or sanctions environment, as appropriate. Testing or audit, whether conducted on a specific element of a compliance program or at the enterprise-wide level, are important tools to ensure the program is working as designed and identify weaknesses and deficiencies within a compliance program.



# Testing and Auditing 3

- I. The organization commits to ensuring that the testing or audit function is accountable to senior management, is independent of the audited activities and functions, and has sufficient authority, skills, expertise, resources, and authority within the organization.
- II. The organization commits to ensuring that it employs testing or audit procedures appropriate to the level and sophistication of its SCP and that this function, whether deployed internally or by an external party, reflects a comprehensive and objective assessment of the organization's sanctions'-related risk assessment and internal controls.
- III. The organization ensures that, upon learning of a confirmed negative testing result or audit finding pertaining to its SCP, it will take immediate and effective action, to the extent possible, to identify and implement compensating controls until the root cause of the weakness can be determined and remediated.



# Training 1

- An effective training program is an integral component of a successful SCP. The training program should be provided to all appropriate employees and personnel on a periodic basis (and at a minimum, annually) and generally should accomplish the following: (i) provide job-specific knowledge based on need; (ii) communicate the sanctions compliance responsibilities for each employee; and (iii) hold employees accountable for sanctions compliance training through assessments.
  - An adequate training program, tailored to an entity's risk profile and all appropriate employees and stakeholders, is critical to the success of an SCP.
-



# Training 2

- I. The organization commits to ensuring that its sanctions'-related training program provides adequate information and instruction to employees and, as appropriate, stakeholders (for example, clients, suppliers, business partners, and counterparties) in order to support the organization's sanctions' compliance efforts. Such training should be further tailored to high-risk employees within the organization.
  - II. The organization commits to provide sanctions'-related training with a scope that is appropriate for the products and services it offers; the customers, clients, and partner relationships it maintains; and the geographic regions in which it operates.
-



# Training 3

- III. The organization commits to providing sanctions'-related training with a frequency that is appropriate based on its sanctions' risk assessment and risk profile.
  - IV. The organization commits to ensuring that, upon learning of a confirmed negative testing result or audit finding, or other deficiency pertaining to its SCP, it will take immediate and effective action to provide training to or other corrective action with respect to relevant personnel.
  - V. The organization's training program includes easily accessible resources and materials that are available to all applicable personnel.
-



**DANGER ZONE**



# Root Causes of Sanctions Compliance Program Breakdowns or Deficiencies Based on Assessment of Prior Authorities Administrative Actions

- 
- Lack of a Formal Sanctions' SCP
  - Misinterpreting, or Failing to Understand the Applicability of, Sanctions' Regulations
  - Facilitating Transactions by Non-EU Persons (Including Through or By Overseas Subsidiaries or Affiliates)
  - Exporting or Re-exporting EU-origin Goods, Technology, or Services to Sanctioned Persons or Countries
  - Utilizing the EU Financial System, or Processing Payments to or through EU Financial Institutions, for Commercial Transactions Involving Sanctioned Persons or Countries



# Root Causes of Sanctions Compliance Program Breakdowns or Deficiencies Based on Assessment of Prior Authorities Administrative Actions

- 
- Sanctions Screening Software or Filter Faults
  - Improper Due Diligence on Customers/Clients (e.g., Ownership, Business Dealings, etc.)
  - De-Centralized Compliance Functions and Inconsistent Application of an SCP
  - Utilizing Non-Standard Payment or Commercial Practices
  - Individual Liability

# Root Causes of Sanctions Compliance Program Breakdowns or Deficiencies Based on Assessment of Prior Authorities Administrative Actions

- 
- 50% Rule – Sanctioned persons control of legal entities
  - Aggregation % Holding Rule
  - Change of ownership – With no apparent business reason
  - It seems that a number of Russian Oligarchs had inside information of the intention of Russia to invade Ukraine from long ago (probably due to the very close relationship they had with the Russian Government), and they had anticipated the severity of sanction to be imposed. So, a lot of them ensured to decrease their shareholding control below 50% before the 23<sup>rd</sup> of February.

## Root Causes of Sanctions Compliance Program Breakdowns or Deficiencies Based on Assessment of Prior Authorities Administrative Actions

- 
- Use of third parties to shield the identity of sanctioned persons and/or PEPs seeking to hide the origin or ownership of funds, for example, to hide the purchase or sale of real estate.
  - Accounts in jurisdictions or with financial institutions that are experiencing a sudden rise in value being transferred to their respective areas or institutions, without a clear economic or business rationale.
  - Jurisdictions previously associated with Russian financial flows that are identified as having a notable recent increase in new company formations.
  - Newly established accounts that attempt to send or receive funds from a sanctioned institution or an institution removed from the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

# Root Causes of Sanctions Compliance Program Breakdowns or Deficiencies Based on Assessment of Prior Authorities Administrative Actions

- 
- A customer's transactions are connected to Virtual Currency addresses listed on Sanctions' Specially Designated Nationals and Blocked Persons List.
  - Non-routine foreign exchange transactions that may indirectly involve sanctioned Russian financial institutions, including transactions that are inconsistent with activity over the prior 12 months. For example, the Central Bank of the Russian Federation may seek to use import or export companies to engage in foreign exchange transactions on its behalf and to obfuscate its involvement.
  - A customer's transactions are initiated from or sent to the following types of Internet Protocol (IP) addresses: non-trusted sources; locations in Russia, Belarus, FATF-identified jurisdictions with AML/CFT/CP deficiencies, and comprehensively sanctioned jurisdictions; or IP addresses previously flagged as suspicious.

# Root Causes of Sanctions Compliance Program Breakdowns or Deficiencies Based on Assessment of Prior Authorities Administrative Actions

- 
- A customer uses a Virtual Currency exchanger or foreign-located MSB in a high-risk jurisdiction with AML/CFT/CP deficiencies, particularly for Virtual Currency entities and activities, including inadequate “know-your-customer” or customer due diligence measures.
  - Use of corporate vehicles (i.e. legal entities, such as shell companies, and legal arrangements) to obscure (i) ownership, (ii) source of funds, or (iii) countries involved, particularly sanctioned jurisdictions.
  - Use of shell companies to conduct international wire transfers, often involving financial institutions in jurisdictions distinct from company registration.
  - Professionals priority not to be about sanctions full implementation but rather identifying loopholes to exploit. Any attempts to circumvent sanctions constitutes a breach of the sanctions’ provisions and as such, a breach of law and will give rise to a serious disciplinary and criminal offences.

A rectangular metal sign with a dark, weathered finish is mounted on a rustic wooden surface. The sign features a central white rectangular panel with the words "case studies" printed in a bold, black, sans-serif font. The sign is secured by four small, round metal screws at its corners. The wooden background has a prominent grain and some cracking, adding to the rustic aesthetic.

**case studies**





- Ms Polly Gray is the 100% shareholders of your client Nicosia Ltd (a Cyprus Company), where you provide professional services as an obliged entity.
- In accordance to the AML Legislation, your client's UBO is Ms Polly Gray as she has control of the Company of over 25%. In this respect, you have also proceeded to also register Ms Polly Gray, to the Cyprus Companies' Registrar UBOs registry, as required by the AML Legislation.
- In your recent ongoing monitoring review on the 25<sup>th</sup> February 2022, you have identified that Ms Polly Gray withdraw as shareholder, on the 18<sup>th</sup> February 2022, of the Company and the new shareholder, appointed on the same day, is Ms Mary Smith, a businesswoman and relative of Ms Polly Gray. During your ongoing monitoring review, you have also identified that Ms Polly Gray has been included in the EU Russian Sanctions Lists on the 24<sup>th</sup> February 2022; this is not the case though with Ms Mary Smith.
- You have concluded, as an AML Officer (and also obtained the approval of your Firm's BOD), that your client Nicosia Ltd, is not also included in sanctions, as Ms Polly Gray is not any longer your client's UBO and also there is no breach of the sanctions requirements (i.e. freezing of assets), as the change in ownership occurred on the 18<sup>th</sup> February 2022, which was before the 24<sup>th</sup> February 2022 that Ms Polly Gray was included in the sanctions.
- No further actions are required per the AML Legislation and your Firm is fully compliant!!!



- Mr Chris Smith and Mr Thomas Shelby are the shareholders of your client Birmingham Ltd (a Cyprus Company), where you provide professional services as an obliged entity.
- Mr Chris Smith holds 90% of the shareholding and voting rights in the Company, however, he is only entitled to 10% on the rights on the returns (i.e. dividends).
- Mr Thomas Shelby holds 10% of the shareholding and voting rights in the Company, however, he is entitled to 90% on the right on the returns (i.e. dividends).
- In accordance to the AML Legislation, your client's UBO is Mr Chris Smith as he has control of the Company of over 25%. In this respect, you have also proceeded to also register Mr Chris Smith, to the Cyprus Companies' Registrar UBOs registry, as required by the AML Legislation.
- In your recent ongoing monitoring review, you have identified that Mr Thomas Shelby has been included in the EU Russian Sanctions Lists; this is not the case though with Mr Chris Smith.
- You have concluded, as an AML Officer (and also obtained the approval of your Firm's BOD), that your client Birmingham Ltd, is not also included in sanctions, as Mr Thomas Shelby is neither your client's UBO (i.e. no control over 25%) and neither in the sanctions threshold control rule (i.e. no control of 50% or more).
- No further actions are required per the AML Legislation and your Firm is fully compliant!!!





- Ms Ada Thorne is the 100% shareholders of your client Limassol Ltd, where you provide professional services as an obliged entity. Limassol Ltd is a Cyprus Holding Company that owes a 100% Russian Subsidiary Company, Moscow Ltd, which operates as a trading/manufacturing company in Russia.
- In accordance to the AML Legislation, your client's UBO is Ms Ada Thorne as she has control of the Company of over 25%. In this respect, you have also proceeded to also register Ms Ada Thorne , to the Cyprus Companies' Registrar UBOs registry, as required by the AML Legislation.
- In your recent ongoing monitoring review, you have identified that neither the UBO (Ms Ada Thorne), or the Cyprus Parent Company (Limassol Ltd), or the Russian Subsidiary Company (Moscow Ltd), have been included in the EU Russian Sanctions Lists.
- You have concluded, as an AML Officer (and also obtained the approval of your Firm's BOD), that your client Limassol Ltd, is not included in sanctions, as neither the UBO, the Parent Company and the Russian Subsidiary were included in the sanctions.
- No further actions are required per the AML Legislation and your Firm is fully compliant!!!





- Mr George Smith is the 100% shareholder of your client Leeds Ltd (a Cyprus Company), where you provide professional services as an obliged entity.
- Mr George Smith is 22 years old, studied Law and a self-made billionaire (size of wealth is around 5 billions euros and source of wealth is payroll).
- Leeds Ltd is a holding Company, with a number of Subsidiaries operating in Asia and Africa, where their main activities are mining operations. The whole Group Total Assets is 100 billions Euros and the main source of funds of the Group are 10 billions Euros from activities (i.e. retained earnings), 1 million Euros from capital (i.e. Mr George Smith) and 89.9 billions Euros from borrowings from a counterparty Company, where the 100% shareholder is Mr Arthur Shelby.
- In accordance to the AML Legislation, your client's UBO is Mr George Smith as he has control of the Company of over 25%. In this respect, you have also proceeded to also register Mr George Smith, to the Cyprus Companies' Registrar UBOs registry, as required by the AML Legislation.
- In your recent ongoing monitoring review, you have identified that Mr Arthur Shelby has been included in the EU Russian Sanctions Lists; this is not the case though with Mr George Smith.
- You have concluded, as an AML Officer (and also obtained the approval of your Firm's BOD), that your client Leeds Ltd, is not also included in sanctions, as Mr Arthur Shelby is neither your client's UBO (i.e. no control over 25%) and neither in the sanctions threshold control rule (i.e. no control of 50% or more); he is actually just a lending counterparty to your client.
- No further actions are required per the AML Legislation and your Firm is fully compliant!!!



- Ms Grace Burgess is the 100% shareholders of your client Larnaca Ltd, where you provide professional services as an obliged entity (Directorship and Secretarial Services). Larnaca Ltd is a Cyprus Holding Company that owes a 100% Russian Subsidiary Company, St Petersburg Ltd, which is currently dormant; all the operations of the Group are performed from the Cyprus Holding Company.
- In accordance to the AML Legislation, your client's UBO is Ms Grace Burgess as she has control of the Company of over 25%. In this respect, you have also proceeded to also register Ms Grace Burgess, to the Cyprus Companies' Registrar UBOs registry, as required by the AML Legislation.
- In your recent ongoing monitoring review, you have identified that the UBO (Ms Grace Burgess), has been included in the EU Russian Sanctions Lists and therefore, due to the 50% shareholding rule, both the Cyprus Parent Company (Larnaca Ltd) and the Russian Subsidiary Company (St Petersburg Ltd), are also been considered automatically as to be included in the EU Russian Sanctions Lists as well.
- The UBO, has now informed you, that all the operations of the Group will be transferred, as of immediately, from the Cyprus Holding Company to the Russian Subsidiary Company.
- You have concluded, as an AML Officer (and also obtained the approval of your Firm's BOD), that you responsibility towards the sanctions legislation is on the Cyprus Holding Company and not on the Russian Subsidiary Company; and in any case the Russian Subsidiary Company has it own Russian Directors and Secretary, which are not under your control.
- No further actions are required per the AML Legislation and your Firm is fully compliant!!!





- Mr Andrew Smith is the 100% shareholder of your client, Newcastle Ltd (a Cyprus Company), where you provide professional services as an obliged entity.
- Newcastle Ltd is a holding Company of a 50% investment in Subsidiary, Blackburn Ltd (a Cyprus Company), and it does not hold any other assets or has any other operations.
- The remaining shareholder (i.e. 50%), of the Subsidiary, Blackburn Ltd, is Mr John Shelby.
- In accordance to the AML Legislation, your client's UBO is Mr Andrew Smith as he has control of the Company of over 25%. In this respect, you have also proceeded to also register Mr Andrew Smith, to the Cyprus Companies' Registrar UBOs registry, as required by the AML Legislation.
- In your recent ongoing monitoring review, you have identified that Mr John Shelby has been included in the EU Russian Sanctions Lists; this is not the case though with Mr Andrew Smith.
- You have concluded, as an AML Officer (and also obtained the approval of your Firm's BOD), that your client Newcastle Ltd, is not also included in sanctions, as Mr John Shelby is neither your client's UBO (i.e. no control over 25%) and neither in the sanctions threshold control rule (i.e. no control of 50% or more); he is actually just another shareholder of your investment in subsidiary, Blackburn Ltd.
- No further actions are required per the AML Legislation and your Firm is fully compliant!!!





- Ms Gina Grey is the 100% shareholders of your client Paphos Ltd (a Cyprus Company), where you provide professional services as an obliged entity (Directorship and Secretarial Services).
- In accordance to the AML Legislation, your client's UBO is Ms Gina Grey as she has control of the Company of over 25%. In this respect, you have also proceeded to also register Ms Gina Grey, to the Cyprus Companies' Registrar UBOs registry, as required by the AML Legislation.
- In your recent ongoing monitoring review, you have identified that the UBO (Ms Gina Grey), has been included in the EU Russian Sanctions Lists and therefore, due to the 50% shareholding rule, the Cyprus Parent Company (Paphos Ltd) is also been considered automatically as to be included in the EU Russian Sanctions Lists as well.
- The UBO, has requested you to execute (as Director and Secretary) a number of agreements that have been signed before the UBO and the Company were included in the sanctions.
- You have concluded, as an AML Officer (and also obtained the approval of your Firm's BOD), that since the agreements were signed before the UBO and the Company were included in the sanctions, you are in compliance to the sanctions legislation as to proceed with their execution. This is also consistent to the approach also followed by the Company's Cyprus Auditors, that although the audit opinion has been signed/dated after the Company was included in the sanctions, they still proceeded to finalise and sign the audit as it relates to the financial year 2021, which is before the sanction's listing date of the UBO and the Company.
- No further actions are required per the AML Legislation and your Firm is fully compliant!!!



- Mr Carl Smith is the 100% shareholder of your client, London Ltd (a Cyprus Company), an AIF regulated Fund by CySEC where you provide professional services as an obliged entity.
- Mr Carl Smith has invested 10,000 Euros as capital in the Fund and he is also the Executive Director, the Internal Fund Manager and the Internal Fund Administrator.
- The Fund only has 1 unit holder, Mr Michael Gray, where he invested 100 millions Euros for 100% of the units of the Fund.
- In accordance to the AML Legislation, your client's UBO is Mr Carl Smith as he has control of the Fund of over 25%. In this respect, you have also proceeded to also register Mr Carl Smith, to the Cyprus Companies' Registrar UBOs registry, as required by the AML Legislation.
- In your recent ongoing monitoring review, you have identified that Mr Michael Gray has been included in the EU Russian Sanctions Lists; this is not the case though with Mr Carl Smith.
- You have concluded, as an AML Officer (and also obtained the approval of your Firm's BOD), that your client London Ltd, is not also included in sanctions, as Mr Michael Gray is neither your client's UBO (i.e. no control over 25%) and neither in the sanctions threshold control rule (i.e. no control of 50% or more); he is actually just the customer (i.e. unit holder) of the Fund.
- No further actions are required per the AML Legislation and your Firm is fully compliant!!!





- Ms Lizzie Stark is the 100% shareholders of your client Ammochostos Ltd (a Cyprus Company), where you provide professional services as an obliged entity (Directorship and Secretarial Services).
- In accordance to the AML Legislation, your client's UBO is Ms Lizzie Stark as she has control of the Company of over 25%. In this respect, you have also proceeded to also register Ms Gina Grey, to the Cyprus Companies' Registrar UBOs registry, as required by the AML Legislation.
- In your recent ongoing monitoring review, you have identified that the UBO (Ms Lizzie Stark), has been included in the EU Russian Sanctions Lists (i.e. freezing of assets) and therefore, due to the 50% shareholding rule, the Cyprus Parent Company (Ammochostos Ltd) is also been considered automatically as to be included in the EU Russian Sanctions Lists as well.
- You have concluded, as an AML Officer (and also obtained the approval of your Firm's BOD), that you will proceed to the termination of all the services to the Company (Directorship and Secretarial Services) as part of your compliance de-risking approach that you have been following as Firm over the last year with regards to AML High Risk Clients.
- No further actions are required per the AML Legislation and your Firm is fully compliant!!!



- Mr Gregory Smith is the Trustee of your client, Bristol Ltd, a Trust incorporated in Cyprus, that holds 100% of the shareholding of your client, Bristol Ltd (a Cyprus Company), where you provide professional services as an obliged entity. The Settlor of the Trust has been identified as Mr Alfie Solomons and the Beneficiaries of the Trust are Mr Alfie Solomons' wife and children.
- In accordance to the AML Legislation, your client's UBO is Mr Gregory Smith as he has control of the Trust (being the Trustee) and there is no control exercised by either the Settlor (Mr Alfie Solomon) or the Beneficiaries (Mr Alfie Solomon's wife and children) of the Trust. In this respect, you have also proceeded to also register Mr Gregory Smith, to the Cyprus Companies' Registrar UBOs registry (only the name of the Trust), and to the CySEC Trusts' Registry (the names of the Settlor, Trustee, Beneficiaries), as required by the AML Legislation.
- In your recent ongoing monitoring review, you have identified that Mr Alfie Solomons (Settlor) has been included in the EU Russian Sanctions Lists; this is not the case though with Mr Gregory Smith (Trustee), Mr Alfie Solomon's wife and children (Beneficiaries) and the Cyprus Trust (Shareholder).
- You have concluded, as an AML Officer (and also obtained the approval of your Firm's BOD), that your client Bristol Ltd, is not also included in sanctions, as Mr Alfie Solomons (Trustee) is neither your client's UBO (i.e. no control over 25%) and neither in the sanctions threshold control rule (i.e. no control of 50% or more); he is actually just the Settlor of the Trust.
- No further actions are required per the AML Legislation and your Firm is fully compliant!!!

*Thank  
you*





# Thank you.



## CYPRUS FIDUCIARY ASSOCIATION

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