

28 July 2014

Practice Group(s):

*International
Arbitration*

International Trade

*Global Government
Solutions*

Update on EU Sanctions against Russia

Further to our update of [21 July 2014](#), please find below a summary of recent developments regarding EU sanctions against Russia.

EU sanctions

Late on 25 July, the EU added 15 further persons and 18 entities responsible for action against Ukraine's territorial integrity to the list of those subject to an asset freeze, a prohibition against making funds or economic resources available and an EU travel ban. The individuals, together with the reasons for their inclusion in the list of persons subject to restrictive measures as described in the EU legislation, are listed in Appendix 1.

The criteria under which the EU adds individuals and entities to the list of individuals and entities subject to restrictive measures were expanded. This means that the EU is now imposing restrictive measures against:

1. individuals responsible for, actively supporting or implementing, actions or policies which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine, or stability or security in Ukraine or which obstruct the work of international organisations in Ukraine;
2. individuals and entities associated with individuals mentioned in point 1 above;
3. individuals and entities supporting, materially or financially, actions which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine;
4. individuals and entities in Crimea or Sevastopol whose ownership has been transferred contrary to Ukrainian law;
5. individuals and entities which have benefited from a transfer set out in point 4; or
6. individuals and entities who actively provide material or financial support to, or are benefiting from, Russian decision-makers responsible for the annexation of Crimea and Sevastopol or the destabilisation of Eastern-Ukraine.

As requested by EU leaders on 16 July, the European Bank for Reconstruction and Development has now confirmed that it will not make any new investments in Russia. However, it will continue to manage existing investments.

At the same time, the EU Member States are still discussing further targeted sanctions against Russia. It has been reported that such sanctions include a prohibition to purchase Russian bonds or shares issued by any of the Russian banks with more than 50 percent state ownership. The Commission has also proposed an arms embargo, an export ban on goods that have dual use (both for civilian and military purposes) and restrictions on exporting energy technology items for deep-sea drilling, Arctic exploration and shale oil extraction. The debate is on-going and we will report on any developments.

Should you have any questions regarding the latest sanctions and/or protection of investments, please do not hesitate to contact the authors.

Update on EU Sanctions against Russia

Authors:

Brussels

Philip Torbøl

philip.torbol@klgates.com
+32.(0)2.336.1903

London

Vanessa Edwards

vanessa.edwards@klgates.com
+44.(0)20.7360.8293

Ian Meredith

ian.meredith@klgates.com
+44.(0)20.7360.8171

Moscow

William M. Reichert

william.reichert@klgates.com
+7.495.643.1700

K&L GATES

Anchorage Austin Beijing Berlin Boston Brisbane Brussels Charleston Charlotte Chicago Dallas Doha Dubai Fort Worth Frankfurt
Harrisburg Hong Kong Houston London Los Angeles Melbourne Miami Milan Moscow Newark New York Orange County Palo Alto
Paris Perth Pittsburgh Portland Raleigh Research Triangle Park San Diego San Francisco São Paulo Seattle Seoul Shanghai
Singapore Spokane Sydney Taipei Tokyo Warsaw Washington, D.C. Wilmington

K&L Gates practices out of 48 fully integrated offices located in the United States, Asia, Australia, Europe, the Middle East and South America and represents leading global corporations, growth and middle-market companies, capital markets participants and entrepreneurs in every major industry group as well as public sector entities, educational institutions, philanthropic organizations and individuals. For more information about K&L Gates or its locations, practices and registrations, visit www.klgates.com.

This publication is for informational purposes and does not contain or convey legal advice. The information herein should not be used or relied upon in regard to any particular facts or circumstances without first consulting a lawyer.

© 2014 K&L Gates LLP. All Rights Reserved.

Update on EU Sanctions against Russia

Appendix 1

Individuals

1. Mikhail Efimovich FRADKOV (Михаил Ефимович Фрадков) (Born on 1.9.1950 in Kurumoch, Kuibyshev region) Permanent member of the Security Council of the Russian Federation; Director of the Foreign Intelligence Service of the Russian Federation. As a member of the Security Council, which provides advice on and coordinates national security affairs, he was involved in shaping the policy of the Russian Government threatening the territorial integrity, sovereignty and independence of Ukraine.
2. Nikolai Platonovich PATRUSHEV (Николай Платонович Патрушев) (Born on 11.7.1951 in Leningrad (St Petersburg)) Permanent member and Secretary of the Security Council of the Russian Federation. As a member of the Security Council, which provides advice on and coordinates national security affairs, he was involved in shaping the policy of the Russian Government threatening the territorial integrity, sovereignty and independence of Ukraine.
3. Aleksandr Vasilievich BORTNIKOV (Александр Васильевич Бортников) (Born on 15.11.1951 in Perm) Permanent member of the Security Council of the Russian Federation; Director of the Federal Security Service (FSB). As a member of the Security Council, which provides advice on and coordinates national security affairs, he was involved in shaping the policy of the Russian Government threatening the territorial integrity, sovereignty and independence of Ukraine.
4. Rashid Gumarovich NURGALIEV (Рашид Гумарович Нурғалиев) (Born on 8.10.1956 in Zhetikara, Kazakh Soviet Socialist Republic) Permanent member and Deputy Secretary of the Security Council of the Russian Federation. As a member of the Security Council, which provides advice on and coordinates national security affairs, he was involved in shaping the policy of the Russian Government threatening the territorial integrity, sovereignty and independence of Ukraine.
5. Boris Vyacheslavovich GRYZLOV (Борис Вячеславович Грызлов) (Born on 15.12.1950 in Vladivostok) Permanent member of the Security Council of the Russian Federation. As a member of the Security Council, which provides advice on and coordinates national security affairs, he was involved in shaping the policy of the Russian Government threatening the territorial integrity, sovereignty and independence of Ukraine.
6. Sergei Orestovoch BESEDA (Сергей Орестович Беседа) (1954) Commander of the Fifth Service of the FSB, Federal Security Service of the Russian Federation. As a senior FSB officer, he heads a service responsible which oversees intelligence operations and international activity.
7. Mikhail Vladimirovich DEGTYAREV (Михаил Владимирович Дегтярёв) (Born on 10.7.1981 in Kuibyshev (Samara)) Member of the State Duma. On 23.5.2014 he announced the inauguration of the 'de facto embassy' of the unrecognized, so-called, 'Donetsk People's Republic' in Moscow, he contributes to undermine or threaten the territorial integrity, sovereignty and independence of Ukraine.
8. Ramzan Akhmadovitch KADYROV (Памзан Ахматович Кадыров) (Born on 5.10.1976 in Tsentaroy.) President of the Republic of Chechnya. Kadyrov made statements in support of the illegal annexation of Crimea and in support of the armed insurgency in Ukraine. He stated inter alia on 14 June 2014 that he 'will do anything to help revive Crimea'. In that context, he was awarded the medal for 'the liberation of

Update on EU Sanctions against Russia

Crimea' by the Acting Head of the Autonomous Republic of Crimea for the support he provided to the unlawful annexation of Crimea. In addition, on 1 June 2014 he expressed his readiness to send 74 000 Chechen volunteers to Ukraine if requested to do so.

9. Alexander Nikolayevich ТКАЧУОВ (АЛЕКСАНДР НИКОЛАЕВИЧ Ткачѐв) (Born on 23.12.1960 in Vyselki.) Governor of the Krasnodar Krai. He was awarded the medal 'for the liberation of Crimea' by the Acting head of the Autonomous Republic of Crimea for the support he provided to the unlawful annexation of Crimea. At that occasion, the Acting Head of the Autonomous Republic of Crimea said that Tkachyov was one of the first to express his support to the new 'leadership' of Crimea.
10. Pavel GUBAREV (Павел Юрьевич Губарев) (Born on 10.2.1983 in Sievierodonetsk) One of the self-described leaders of the so-called 'people' Republic of Donetsk'. He requested Russian intervention in eastern Ukraine, including through the deployment of Russian peacekeeping forces. He is associated with Igor Strelkov/Girkin, who is responsible for actions which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine. Gubarev is responsible for recruiting people for armed forces of separatists. Responsible for taking over of the regional government building in Donetsk with pro-Russian forces and proclaimed himself the 'people's governor'. Despite being arrested for threatening the territorial integrity of Ukraine, and subsequently released, he has continued to play a prominent role in separatist activities, thus undermining the territorial integrity, sovereignty and independence of Ukraine.
11. Ekaterina GUBAREVA (Екатерина Юрьевна Губарева) (Born on 5.7.1983 in Kakhovka) In her capacity of so called 'Minister of Foreign Affairs' she is responsible of defending the so called 'Donetsk People's Republic', thus undermining the territorial integrity, sovereignty and independence of Ukraine. In addition, her bank account is used to finance illegal armed separatist groups. In taking on and acting in this capacity she has therefore supported actions and policies which undermine the territorial integrity, sovereignty and independence of Ukraine.
12. Fedor BEREZIN (Фѐдор Дмитриевич Березин) (Born on 7.2.1960 in Donetsk) The so-called 'deputy defence minister' of the so-called 'Donetsk People's Republic'. He is associated with Igor Strelkov/Girkin, the so-called 'defence minister' of the so-called 'Donetsk People's Republic', who is responsible for actions which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine. In taking on and acting in this capacity Berezin has therefore supported actions and policies which undermine the territorial integrity, sovereignty and independence of Ukraine.
13. Valery Vladimirovich КАУРОВ (Валерий Владимирович Кауров) (Born on 2.4.1956 in Odessa) The self-described 'president' of the so-called 'Republic of Novorossiya' who has called on Russia to deploy troops to Ukraine. In taking on and acting in this capacity he has therefore supported actions and policies which undermine the territorial integrity, sovereignty and independence of Ukraine.
14. Serhii Anatoliyovych ZDRILIUK (Сергей Анатольевич Здрілюк) (Born on 23.6.1972 in Vinnytsia region) Senior aid to Igor Strelkov/Girkin who is responsible for actions which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine. In taking on and acting in this capacity, Zdriliuk has therefore supported actions and policies which undermine the territorial integrity, sovereignty and independence of Ukraine.
15. Vladimir ANTYUFEEV (Владимир Антюфеев aka Vladimir SHEVTSOV, Vladimir Iurievici ANTIUFEEV, Vladimir Gheorghievici ALEXANDROV, Vadim Gheorghievici

Update on EU Sanctions against Russia

SHEVTSOV) (Born on 19.02. 1951 in Novosibirsk) Former 'Ministry of State Security' in the separatist region of Transnistria. Since 9 July 2014, he has been the first vice-prime minister of Donetsk People's Republic, responsible for security and law enforcement. In his capacity, he is responsible for the separatist 'governmental' activities of the so called 'government of the Donetsk People's Republic'.

Entities undermining the territorial integrity, sovereignty and independence of Ukraine

1. So called 'Lugansk People's Republic', 'Луганская народная республика', 'Luganskaya narodnaya respublika' - The so called 'Lugansk People's Republic' was established on 27 April 2014. Responsible for organising the illegal referendum on May 11 2014. Declaration of independence on May 12 2014. On 22 May 2014, the so called 'People's Republics' of Donetsk and Lugansk created the so called 'Federal State of Novorossiya'. This is in breach of Ukrainian constitutional law, and, as a consequence, of international law, thus undermining the territorial integrity, sovereignty and independence of Ukraine. It is also involved in the recruitment to the separatist 'Army of Southeast' and other illegal armed separatist groups, thus undermining the stability or security of Ukraine.
2. So called 'Donetsk People's Republic', 'Донецкая народная республика', 'Donétskaya naródnaya respúblika' - The so called 'Donetsk People's Republic' was declared on 7 April 2014. Responsible for organizing the illegal referendum on May 11 2014. Declaration of independence on May 12 2014. On 24 May 2014, the so called 'People's Republics' of Donetsk and Lugansk signed an agreement on the creation of the so called 'Federal State of Novorossiya'. This is in breach of Ukrainian constitutional law, and, as a consequence, of international law, thus undermining the territorial integrity, sovereignty and independence of Ukraine. It is also involved in the recruitment to illegal armed separatist groups, thus threatening the stability or security of Ukraine.
3. So called 'Federal State of Novorossiya', 'Федеративное государство Новороссия', 'Federativnoye Gosudarstvo Novorossiya' - On 24 May 2014, the so called 'People's Republics' of Donetsk and Lugansk signed an agreement on the creation of the unrecognized so called 'Federal State of Novorossiya'. This is in breach of Ukrainian constitutional law, and, as a consequence, of international law, thus threatening the territorial integrity, sovereignty and independence of Ukraine.
4. International Union of Public Associations 'Great Don Army', 'Международный Союз Общественных Объединений 'Всевеликое Войско Донское' - The 'Great Don army' established the 'Cossack National Guard', responsible for fighting against the Ukrainian government forces in Eastern Ukraine, thus undermining the territorial integrity, sovereignty and independence of Ukraine as well as threatening the stability or security of Ukraine. Associated with Mr, Nikolay KOZITSYN, who is Commander of Cossack forces and responsible for commanding separatists in Eastern Ukraine fighting against the Ukrainian government forces.
5. 'Sobol', 'СОБОЛЬ' - Radical paramilitary organisation, responsible for openly supporting using force to end Ukraine's control over Crimea, thus undermining the territorial integrity, sovereignty and independence of Ukraine. Responsible for training separatists to fight against the Ukrainian government forces in Eastern Ukraine, thus threatening the stability or security of Ukraine.
6. So called 'Lugansk Guard', 'Луганская гвардия' - Self-defence militia of Lugansk, responsible for training separatists to fight against the Ukrainian government forces in

Update on EU Sanctions against Russia

Eastern Ukraine, thus threatening the stability or security of Ukraine. Associated with Mr. German PROPOKIV, active leader who is responsible for taking part in the seizure of the building of the Lugansk regional office of the Ukrainian Security Service and recorded a video address to President Putin and Russia from the occupied building.

7. So called 'Army of the Southeast', 'Армии Юго-Востока'- Illegal armed separatist group which is considered to be one of the most important in Eastern Ukraine. Responsible for occupying the building of the Security Service in the Lugansk region. Retired officer. Associated with Mr. Valeriy BOLOTOV, listed as one of the leaders of the group. Associated with Mr. Vasyl NIKITIN, responsible for the separatist 'governmental' activities of the so called 'government of the People's Republic of Luhansk'.
8. So called 'Donbass People's Militia', 'Народное ополчение Донбасса'- Illegal armed separatist group responsible for fighting against the Ukrainian government forces in the Eastern Ukraine, thus threatening the stability or security of Ukraine. Inter alia, the militant group seized control of several government buildings in Eastern Ukraine in early April 2014, thus undermining the territorial integrity, sovereignty and independence of Ukraine. Its former leader Mr. Pavel Gubarev, is responsible for the taking over of the regional government building in Donetsk with pro-Russian forces and proclaiming himself the 'people's governor'.
9. 'Vostok battalion', 'батальоны Восток'- Illegal armed separatist group which is considered to be one of the most important in Eastern Ukraine. Responsible fighting against the Ukrainian government forces in Eastern Ukraine, thus threatening the stability or security of Ukraine. Attempted to seize the Donetsk Airport

Entities whose ownership has been transferred contrary to Ukrainian law

1. State ferry enterprise 'Kerch ferry', Государственная судоходная компания 'Керченская паромная переправа', Gosudarstvennoye predpriyatiye Kerchenskaya paromnaya pereprava - The ownership of the entity was transferred contrary to the Ukrainian law. The 'Parliament of Crimea' adopted a resolution No. 1757-6/14 on 17.3.2014 'On nationalization of some companies belonging to the Ukrainian ministries of infrastructure or agriculture' and the 'Presidium of the Parliament of Crimea' adopted a decision No. 1802-6/14 on 24.3.2014 'On state-owned Ferry Enterprise Kerch Ferry' declaring the appropriation of assets belonging to the state ferry enterprise 'Kerch Ferry' on behalf of the 'Republic of Crimea'. The enterprise is thus effectively confiscated by the Crimean 'authorities'.
2. State enterprise 'Sevastopol commercial seaport', Государственное предприятие 'Севастопольский морской торговый порт', Gosudarstvennoye predpriyatiye Sevastopolski morskoy torgovy port- The ownership of the entity was transferred contrary to the Ukrainian law. On 17.3.2014 the 'Parliament of Crimea' adopted a resolution No. 1757-6/14 'On nationalization of some companies belonging to the Ukrainian ministries of infrastructure or agriculture' declaring the appropriation of assets belonging to the state enterprise 'Sevastopol commercial seaport' on behalf of the 'Republic of Crimea'. The enterprise is thus effectively confiscated by the Crimean 'authorities'. In terms of volume of trade, it is the biggest commercial seaport in Crimea.
3. State enterprise 'Kerch commercial sea port', Государственное предприятие 'Керченский морской торговый порт', Gosudarstvennoye predpriyatiye Kerchenski morskoy torgovy port- The ownership of the entity was transferred contrary to the

Update on EU Sanctions against Russia

- Ukrainian law. The 'Parliament of Crimea' adopted a resolution No.1757-6/14 on 17.3.2014 'On nationalization of some companies belonging to the Ukrainian ministries of infrastructure or agriculture' and a resolution No. 1865-6/14 on 26.3.2014 'On State-Owned Enterprise "Crimean Sea Ports' ('О Государственном предприятии "Крымские морские порты') declaring the appropriation of assets belonging to the state enterprise 'Kerch Commercial Sea Port' on behalf of the 'Republic of Crimea'. The enterprise is thus effectively confiscated by the Crimean 'authorities'. In terms of volume of trade, it is the second biggest commercial seaport in Crimea.
4. State enterprise Universal–Avia, Государственном предприятии 'Универсал-Авиа', Gosudarstvenoye predpriyatiye 'Universal-Avia'- The ownership of the entity was transferred contrary to the Ukrainian law. On 24.3.2014 the 'Presidium of the Parliament of Crimea' adopted a decision 'On State-owned Enterprise "Gosudarstvenoye predpriyatiye Universal-Avia' ('О Государственном предприятии "Универсал-Авиа")' No. 1794-6/14 declaring the appropriation of assets belonging to the state enterprise 'Universal-Avia' on behalf of the 'Republic of Crimea'. The enterprise is thus effectively confiscated by the Crimean 'authorities'.
 5. Resort 'Nizhnyaya Oreanda', Санаторий 'Нижняя Ореанда'- The ownership of the entity was transferred contrary to the Ukrainian law. On 21 March the 'Presidium of the Parliament of Crimea' adopted a decision 'On the questions of creation of the Association of sanatoria and resorts' No. 1767-6/14 declaring the appropriation of assets belonging to the resort 'Nizhnyaya Oreanda' on behalf of the 'Republic of Crimea'. The enterprise is thus effectively confiscated by the Crimean 'authorities'.
 6. Crimean enterprise 'Azov distillery plant', Крымское республиканское предприятие 'Азовский ликероводочный Завод', Azovsky likerovodochny zavod- The ownership of the entity was transferred contrary to the Ukrainian law. On 9 April the 'Presidium of the Parliament of Crimea' adopted a decision No 1991-6/14 'On the amendments to the Resolution of the State Council of the Republic of Crimea' of 26 March 26 2014 No. 1836-6/14 'On nationalization of the property of enterprises, institutions and organizations of agro-industrial complex, located in the territory of the Republic of Crimea' declaring the appropriation of assets belonging to the 'Azovsky likerovodochny zavod' on behalf of the 'Republic of Crimea'. The enterprise is thus effectively confiscated by the Crimean 'authorities'.
 7. State concern 'National Association of producers 'Massandra', Национальное производственно-аграрное объединение 'Массандра,' Nacionalnoye proizvodstvenno agrarnoye obyedinenye Massandra- The ownership of the entity was transferred contrary to the Ukrainian law. On 9 April the 'Presidium of the Parliament of Crimea' adopted a decision No 1991-6/14 'On the amendments to the Resolution of the State Council of the Republic of Crimea' of 26 March No. 1836-6/14 'On nationalization of the property of enterprises, institutions and organizations of agro-industrial complex, located in the territory of the Republic of Crimea' declaring the appropriation of assets belonging to the state concern 'National Association of producers "Massandra"' on behalf of the 'Republic of Crimea'. The enterprise is thus effectively confiscated by the Crimean 'authorities'.
 8. 'State enterprise Magarach of the national institute of wine', Государственное предприятие Агрофирма 'Магарач', Национального института винограда и вина 'Магарач', Gosudarstvenoye predpriyatiye 'Agrofirma Magarach', nacionalnogo instituta vinograda i vina 'Magarach'- The ownership of the entity was transferred contrary to the Ukrainian law. On 9 April the 'Presidium of the Parliament of Crimea' adopted a decision No 1991-6/14 'On the amendments to the Resolution of the State Council of the Republic of Crimea' of 26 March 26 2014 No. 1836-6/14 'On

Update on EU Sanctions against Russia

nationalization of the property of enterprises, institutions and organizations of agro-industrial complex, located in the territory of the Republic of Crimea' declaring the appropriation of assets belonging to the state enterprise 'Gosudarstvenoye predpriyatiye "Agrofirma Magarach" nacionalnogo instituta vinograda i vina "Magarach"' on behalf of the 'Republic of Crimea'. The enterprise is thus effectively confiscated by the Crimean 'authorities'.

9. State enterprise 'Factory of sparkling wine Novy Svet', Государственное предприятие Завод шампанских вин 'Новый свет', Gosudarstvenoye predpriyatiye 'Zavod shampanskykh vin Novy Svet'- The ownership of the entity was transferred contrary to the Ukrainian law. On 9 April the 'Presidium of the Parliament of Crimea' adopted a decision No. 1991-6/14 'On the amendments to the Resolution of the State Council of the Republic of Crimea' of 26 March 26 2014 No. 1836-6/14 'On nationalization of the property of enterprises, institutions and organizations of agro-industrial complex, located in the territory of the "Republic of Crimea" declaring the appropriation of assets belonging to the state enterprise "Zavod shampanskykh vin Novy Svet"' on behalf of the 'Republic of Crimea'. The enterprise is thus effectively confiscated by the Crimean 'authorities'.