

Impacts of Russia sanctions

What are we trying to do

We want to keep those who work in the legal sector informed of how the situation in Ukraine might impact upon them and their firm and their ability to remain compliant with the law and regulations.

Who needs to know

Law firms and solicitors and other staff working within them.

What do you need to do?

You need to keep up to date on the latest situation to make sure that you are not breaking the law or breaching our rules. We have highlighted key areas where there have been developments that might affect you, and we have published guidance and information to help you and your firm understand your obligations.

Sanctions

The UK has imposed sanctions against Russian individuals and organisations following the invasion of Ukraine. The financial sanctions regime restricts law firms from providing services or access to financial markets, funds or economic resources to listed entities or ships without a licence. You can apply for a licence, where required, to enable you to receive reasonable fees for any legal services provided to sanctioned clients.

We have published information on compliance in this area

[[link/6e53eb7bb3df47a38cf91aae6126f3fa.aspx](#)], such as regular and appropriate checks on the sanction lists, and your reporting obligations to the Office of Financial Sanctions Implementations (OFSI).

Ceasing to act for a client

Even if a client is not on the sanction list, many firms are reviewing their client lists and considering who they feel comfortable acting for.

This is highly unlikely to be a regulatory matter. The general position is that firms can choose who they act for, and can choose not to act for any reason (unless unlawful, for example under equalities legislation). The question of terminating a current retainer is one for the common law, and turns on whether there is a 'good reason' for the termination.

The current situation with the conflict in Ukraine is clearly novel, and whether there is a 'good reason' for terminating a client retainer in response will be a matter for the courts to decide, on the individual facts. Either way, from a regulatory point of view, our concern is to ensure that the firm has carefully considered the legal position and also understood and mitigated any risks to the client.

You can contact our Ethics Guidance helpline [[contactus](#)] for advice.

Misuse of litigation

There are concerns around the misuse of litigation to discourage public criticism – known as strategic litigation against public participation (SLAPPs). As well as actual litigation, this could also include taking preliminary steps such as a letter warning that litigation might follow.

We have produced guidance on conduct in disputes [[/link/e1183bb5bcbe4c5f926e9773b36020f7.aspx](#)] to make clear that your proceedings must be pursued properly and that your duties to your client don't override your public interest obligations and duties to the court.

Anti-money laundering

You must take a risk-based approach to preventing money laundering [[/link/5b4901893f6247c7af54b3e902291ce4.aspx](#)], meaning you must understand the risks of how your business may be used to launder money and take steps to appropriately mitigate those risks.

Open all [#]

Resources

We have published a range of resources including our:

- latest statement providing detail on key areas of compliance [[/link/6e53eb7bb3df47a38cf91aae6126f3fa.aspx](#)] (published 4 March)
- guidance on conduct in disputes [[/link/e1183bb5bcbe4c5f926e9773b36020f7.aspx](#)]
- anti-money laundering compliance resources [[/link/5b4901893f6247c7af54b3e902291ce4.aspx](#)] and webinars [<https://www.youtube.com/user/SRA Solicitors/videos>].

Other useful resources include:

- OFSI lists and information about the UK's sanction regime [<https://www.gov.uk/government/collections/uk-sanctions-regimes-under-the-sanctions-act>]
- OFSI guidance on the sanction regime including exceptions [<https://www.gov.uk/government/publications/financial-sanctions-faqs>]
- OFSI information on obtaining a licence to receive reasonable fees for providing legal services and other reasonable grounds [<https://ofsi.blog.gov.uk/2021/04/19/introduction-to-licensing/>]
- Financial Conduct Authority (FCA) guidance on the sanction regime [<https://www.fca.org.uk/news/statements/new-financial-sanctions-measures-relation-russia>].

The Law Society has published information about how lawyers can use their legal expertise to offer practical support to Ukraine [<https://www.lawsociety.org.uk/campaigns/international-rule-of-law/news/how-lawyers-can-show-support-for-people-in-ukraine>] and its people.