

News release

Russia sanctions regime now bans trust services

16 December 2022

The Government's financial sanctions regime now includes a ban on providing trust services to those connected with Russia.

The UK regime [<https://www.gov.uk/guidance/uk-sanctions>] is operated by the Office of Financial Sanctions Implementation (OFSI). The measures are imposed by the Government to achieve specific foreign policy or national security objectives.

There have been a number of changes to the regime - which is underpinned by several pieces of legislation - in recent times. We have already published guidance for firms [<https://www.sra.org.uk/sra/news/press/2022-press-releases/sanctions-regime-stay-compliant/>] to make sure they understand their obligations.

The Government has now made amendments introducing a ban on providing trust services to those connected to Russia (unless the services were provided immediately prior to the regulations coming into force), or to a designated person. The Russia (Sanctions) (EU Exit) (Amendment) (No. 17) Regulations 2022 [<https://www.legislation.gov.uk/ukSI/2022/1331/made>] came into force on 16 December 2022.

Paul Philip, SRA Chief Executive, said: 'Strengthening the financial sanctions regime is an important part of the government's response to war in Europe and law firms have a key role to play. The sanctions regime applies to all firms that provide legal services, not just those that are captured by the anti-money laundering regulations.

'This is a complex and fast-moving situation which is why we published our initial guidance last month. Firms would do well to sign up to alerts from OFSI to keep themselves up to date and also undertake appropriate checks on clients and potential clients.'

The amendment defines 'trust services' as:

- the creation of a trust or similar arrangement
- the provision of a registered office, business address, correspondence address or administrative address for a trust or similar arrangement
- the operation or management of a trust or similar arrangement

- acting or arranging for another person to act as trustee of a trust or similar arrangement, where 'trustee', in relation to an arrangement similar to a trust, means a person who holds an equivalent or similar position to a trustee of a trust

A person is considered to be 'connected with Russia' is defined at regulation 19(A)2 [<https://www.legislation.gov.uk/uksi/2019/855/regulation/19A>] .

Broadly, an individual is considered to be connected with Russia if they normally live in or are located in Russia. A person other than an individual is connected with Russia if it is incorporated/constituted under Russian law or domiciled in Russia. Further information is available in regulation 19(A)2 [<https://www.legislation.gov.uk/uksi/2019/855/regulation/19A>] .

OFSI will consider granting licences for trust work if that work falls within one of the following categories:

- extraordinary situations
- humanitarian assistance activity
- medical goods or services
- food
- diplomatic missions etc
- safety and soundness of a firm
- financial regulation
- financial stability
- unauthorised unit trusts

OFSI has published guidance on the sanctions legislation, including this amendment and updated their guidance on Russia.