

Sanctions: Fortnightly Summary



Sanctions: Fortnightly Summary

Authors:



John Binns
Partner



Alexander Gorst
Principal Associate



Welcome to BCL's latest sanctions round-up, highlighting the key developments in UK and international sanctions.

This edition covers, amongst other matters, new Russia-related sanctions packages announced by the UK and EU, the UK's first "interdiction" of a Russian sanctioned vessel, the largest penalty issued by OFSI for breaching sanctions against Russia, two judgments by the EU court on the application of asset-freezing measures to trusts, and a commitment by the US to lift all sanctions against Iran.

UK Policy Developments and Sanctions List Updates

New Russia-related sanctions package

- On 16 June, the Foreign, Commonwealth and Development Office (FCDO) announced a new package of 70 designations and shipping-sanctions intended to target Russia's "shadow fleet", military procurement supply chains, and finance networks used to circumvent sanctions. [**\[FCDO Press Release\]**](#)
- The FCDO designated 11 individuals and 32 entities, and imposed shipping sanctions targeting 27 vessels that it says form part of Russia's "shadow fleet", involved in the transportation of Russian oil and liquefied natural gas ("LNG") to third countries. The UK is the first G7 country to sanction several LNG vessels it says were recently acquired by Russia to service the sanctioned Arctic 2 LNG project. To date, the UK has sanctioned more than 600 shadow fleet and Russian LNG vessels.
- The package of measures also targets the procurement and supply of technology for Russia's military. The new designations include three companies and 10 Russian military intelligence officers suspected of being involved in procuring technology for Russia's military; and the designation of third country suppliers of critical military equipment to Russia in China, Thailand and Turkey.

First "interdiction" of Russian "shadow fleet" vessel

- On 14 June, British armed forces intercepted a Russian "shadow fleet" vessel in the English Channel. The sanctioned vessel MT Smyrtos was boarded by Royal Marine Commandos and National Crime Agency officers in the first UK-led enforcement action of its kind (referred to as an "interdiction"); following the Prime Minister's announcement in March that British armed forces could board sanctioned vessels which were not operating in accordance with international and domestic law. [**\[MoD Press Release\]**](#)
- In this instance, the UK government said that the vessel Smyrtos was boarded as it was suspected of sailing without a registered flag in breach of the United Nations Convention on the Law of the Sea (UNCLOS Article 110). Where a vessel is determined stateless, the UK can then exercise powers available under its domestic legislation to seize the vessel, including ship-sanctions provisions in the Russia (Sanctions) (EU Exit) Regulations 2019 (the "Russia Regulations"), and enforcement powers under the Policing and Crime Act 2017.
- In a further development, on 16 June the captain of the intercepted vessel Smyrtos was remanded in custody after appearing in court charged with sanctions offences. Ajay Pant has been charged with the supply or delivery by ship of prohibited oil products from Russia to a third country, contrary to regulation 46Z9B of the Russia Regulations. The Smyrtos is

reported to have been carrying more than 100,000 tonnes of Russian crude oil when the vessel was intercepted. [\[BBC News\]](#)

General Licence – Continuation of Business of Lukoil International Entities

- On 19 June, the Office of Financial Sanctions Implementation (OFSI) amended General Licence [INT/2025/8031092](#) which allows for the continuation of business operations with Lukoil International. The licence has been amended to remove the restriction set out in paragraph 4.2 relating to funds being made available for the benefit of Lukoil International (or subsidiaries). This amendment does not permit funds to be returned to Lukoil PJSC. [\[Publication Notice\]](#)

General Licence – UK Interdiction

- On 12 June, OFSI issued General Licence [INT/2026/9559192](#) under regulation 64 of the Russia Regulations, authorising persons contracted or directed by the government to take steps needed to support government interdiction and enforcement under the Russia sanctions regime. [\[Publication Notice\]](#)
- In this context, 'Interdiction' is defined as actions facilitating the governments exercise of enforcement powers under regulations 57C-D of the Russia Regulations (relating to the movement and detention of ships). The licence also permits persons contracted or directed by the UK Government to make funds available for the benefit of a designated person solely to enable the interdiction and allows relevant UK financial institutions to process related payments.

Amended Financial Sanctions FAQs

- On 11 June, OFSI added eight FAQs to the UK Financial Sanctions FAQs, clarifying how UK financial sanctions apply in relation to ports owned or controlled by PJSC Transneft and associated activities, pursuant to the Russia Regulations. These FAQs provide additional guidance to industry on how relevant prohibitions operate in practice, including when a licence may be required and how firms should approach compliance risks. [\[FAQs 188-195\]](#)

Largest penalty for breaching sanctions against Russia

- On 17 June, OFSI announced that a UK travel technology firm has been fined more than £1 million for breaching UK financial sanctions against Russia. A monetary penalty of £1,000,920.59 was imposed against Sabre Global Technologies Limited ("SGTL") for making funds and economic resources available to a designated Russian airline and for "exploring alternative ways of receiving payment" from the airline in order to circumvent UK sanctions. [\[Penalty Notice, Press Release\]](#)
- The penalty was imposed against SGTL for breaching UK financial sanctions prohibitions by making funds available for the benefit of a designated person ("DP") (regulation 13), making economic resources available to a DP (regulation 14), and circumventing UK sanctions prohibitions (regulation 19) under the Russia Regulations. SGTL, which provides travel technology services, continued to provide Russian carrier Ural Airlines access to its Global Distribution System service for seven months after it was designated by the UK in May 2022.

- The enforcement action is notable because it represents OFSI's largest civil monetary penalty for conduct breaching the Russia Regulations, and because the penalty is also the first issued by OFSI for a circumvention offence.

EU Policy Developments and Sanctions List Updates

EU adopts new Russia-related sanctions package

- On 15 June, the Council of the European Union adopted a package of Russia-related sanctions measures. The package contains over 80 new listings under several existing EU sanctions regimes, with a focus on energy, disinformation, the military-industrial complex and human rights violations, while also introducing a temporary derogation in relation to a listed Chinese semiconductor manufacturer. [\[EU Press Release\]](#)
- Under Implementing Regulation (EU) [2026/1361](#), sanctions were imposed on seven individuals and 21 legal entities said to have been involved in supporting Russia's military-industrial complex, and two individuals and 24 legal entities involved in the transportation and export of crude oil and petroleum products originating from Russia, including through the use of the Russia's shadow fleet.
- Under Implementing Regulation (EU) [2026/1356](#), sanctions were imposed on 10 individuals and one legal entity said to have been involved in pro-Kremlin propaganda and disinformation; including military correspondents, media personalities, directors of newspapers or public relations agencies, writers and journalists.
- Under Implementing Regulation (EU) [2026/1362](#), sanctions were imposed on 15 individuals and one legal entity said to have been involved in the persecution, poisoning and death of Alexei Navalny. Those sanctioned include Russian judges, prosecutors and staff of law enforcement agencies, and the Russian security service (the FSB). Sanctions were also imposed on NTK IPJSC, which is said to have been involved in the development of a facial recognition system.
- Regulation (EU) [2026/1336](#) introduces a temporary derogation in respect of Yangzhou Yangjie Electronic Technology Co., Ltd. ("Yangzhou Yangjie"), a leading Chinese manufacturer specialising in semiconductor devices used in various industries, whose listing in April had a significant impact on EU supply chains. The derogation is intended to allow EU operators in the semiconductor sector to manage an orderly transition away from supplies provided by Yangzhou Yangjie.

CJEU considers the application of EU asset-freezing measures to trusts

- On 10 June, the Court of Justice of the European Union ("CJEU") handed down two judgments concerning the freezing of funds and economic resources linked indirectly, through trust structures, to persons subject to restrictive measures imposed under the EU's Russia sanctions regime. (Joined Cases C-428/24 and C-476/24, and Case C-483/23). In both cases, the CJEU held that the freezing of assets held by a trust is compatible with EU law. [\[CJEU Press Release\]](#)
- In Case C-483/23, four Italian companies were indirectly held by a Bermuda trust, whose settlor was removed from the list of beneficiaries before being sanctioned in 2022. The Italian

authorities nevertheless imposed a freezing measure on the companies and their assets, finding them to be “substantially attributable” to the settlor.

- Joined Cases C-428/24 and C-476/24 concerned (i) an Italian company held indirectly by a trust established in Bermuda, whose original beneficial owner was replaced by his spouse after sanctions were imposed in 2022, and (ii) a yacht in Italy belonging to a company controlled by a trust of which the same spouse was the sole beneficiary. In both cases, even though the terms of the trusts barred any transfer to persons subject to sanctions and any form of control by such persons, the Italian authorities imposed freezing measures on the company and the yacht, finding that in practice they remained attributable to the trust beneficiary.
- The companies concerned challenged those decisions before the Italian court, claiming that the persons subject to sanctions had no power to dispose of the assets subject to freezing or any control over their management. The Italian court referred a number of questions to the CJEU concerning the application of asset-freeze provisions to discretionary trusts.
- In particular, the CJEU was asked to consider whether, in relation to EU restrictive measures, the concepts of ‘belonging to’ and of ‘control’ in respect of funds and economic resources can be extended to include the settlor or the beneficiaries of a trust, even where the trustees are not able to dispose of the assets in question.
- The Court held that the relevant asset freeze measures cover a variety of legal relationships between the person or entity subject to sanctions and the funds and economic resources at issue, ranging from the most extensive legal relationship, namely ownership, to situations in which the person or entity can exercise de facto power over those funds and resources.
- In order to ensure the effectiveness of EU law, the Court said that the concepts of ‘belonging to’ and of ‘control’ must be interpreted in such a way that they encompass all forms of power or influence exercised over those assets, including in the absence of any legal link between them and the person concerned.
- This means that assets can be regarded as belonging to or being under the control of the settlor or the beneficiary of a discretionary trust, where those persons have power to use, benefit from or dispose of those resources or to have influence over them and over the decisions made by the trustee in relation to them.

Cuba: MEPs call for EU sanctions and a push towards transition

- On 18 June, the EU Parliament adopted a resolution calling on the EU to impose sanctions on Cuba and to suspend its cooperation agreement with Havana unless the communist regime freed all political prisoners and moves towards democracy. **[[EU Press Release](#)]**
- The EU Parliament condemned what it called the systematic repression carried out by the Cuban regime and demanded profound economic and political change. MEPs said that after five decades of a communist regime Cuba was close to being a failed state. They stressed that the current humanitarian emergency was “not the product of any external embargo but the direct consequence of the regime’s own model and failures”.

- The resolution urged the EU to adopt targeted measures under the EU global human rights sanctions regime against those the MEPs said were responsible for repression, including the Cuban President Miguel Díaz-Canel, and the leadership of the military conglomerate said to control nearly half of the island's economy. In the absence of clear steps towards democratic transition in the short term, the EU should also suspend the political dialogue and cooperation agreement, MEPs added.

US Policy Developments and Sanctions List Updates

US-Iran agreement to end conflict

- On 18 June, the presidents of the US and Iran signed a memorandum of understanding (MoU) to end the conflict between them. The MoU includes commitments from both sides to engage in further talks to reach a final agreement within the next 60 days, and from Iran to reopen of the Strait of Hormuz. **[BBC News]**
- Significantly, under the terms of the MoU, the US has undertaken to terminate all types of sanctions against the Islamic Republic of Iran, including the United Nations Security Council resolutions, in an agreed-upon schedule. The MoU states that both parties “acknowledge the critical importance of the sanctions termination as part of the final deal” and express their intention to “immediately address these issues in the negotiations in order to achieve mutual agreement on them”.
- Until sanctions have been lifted, the US will issue waivers for the export of Iranian crude oil and petroleum products, and all associated services including banking, transactions, insurances, transportation. The US has also agreed not to impose any new sanctions against Iran pending a final agreement.

Iran sanctions

- On 10 June, the US Department of the Treasury's Office of Foreign Assets Control (“OFAC”) sanctioned nine individuals and entities said to have supported weapons procurement on behalf of Iran's Islamic Revolutionary Guard Corps (IRGC), and Ministry of Defence and Armed Forces Logistics (MODAFL). **[OFAC Press Release]**
- The US designated the IRGC and MODAFL in October 2007 in connection with Iran's ballistic missile programme. Among those designated are China- and Hong Kong-based individuals and companies said to have facilitated the procurement of weapons for the IRGC and MODAFL, as well as a Hong Kong-based company said to be operating within Iran's banking network that attempted weapons procurement-related transactions.

Reissued Russia-related Licences

- On 11 June, OFAC reissued two Russia-related General Licences and amended several **Russia-related FAQs** to account for the reissued licences.
- **General License 55F** extends authorizations for certain activities related to the Sakhalin-2 project that would otherwise be prohibited by the Petroleum Services Determination until 18 December 2026. Transactions involving Gazprombank and related entities are permitted where they relate to Sakhalin-2.

- **General License 115D** authorizes certain transactions related to existing civil nuclear energy projects. However, GL 115D does not authorize transactions involving certain sanctioned Russian financial institutions related to the development of new civil nuclear energy power plants after 21 November 2024.

Global Policy Developments

G7 promises to strengthen sanctions against Russia

- On 17 June, G7 leaders issued a joint declaration promising to increase military support for Ukraine and to strengthen sanctions against Russia, including those on the oil and gas sectors. The leaders committed to increasing sanctions on Russia following the agreement reached between the U.S. and Iran to end hostilities, saying: “We consider this the right moment to proceed with additional measures, as President Trump has delivered a deal that we support in reopening the Strait of Hormuz”. **[G7 Statement]**
- Earlier in the summit, Trump also hinted that he was ready to reinstate sanctions on Russian oil, which the US previously suspended until mid-June: “Well, soon we’ll be able to do that because the oil is now flowing”. **[The Guardian]**

Get in touch

+44 (0)20 7430 2277
law@bcl.com

51 Lincoln's Inn Fields
London WC2A 3LZ
DX 37981 Kingsway

www.bcl.com

The information contained within this brochure is provided as general information only. It does not constitute legal or professional advice or seek to be an exhaustive statement of the law. You should not treat it as a substitute for advice about your specific circumstances.

© 2024 BCL Solicitors LLP

BCL Solicitors LLP
51 Lincoln's Inn Fields
London WC2A 3AA

www.bcl.com



BCL

Solicitors LLP