
STATUTORY INSTRUMENTS

2019 No. 855

The Russia (Sanctions) (EU Exit) Regulations 2019

PART 3

Finance

CHAPTER 2

Other financial and investment restrictions

Dealing with transferable securities or money-market instruments

16.—(1) A person (“P”) must not, directly or indirectly, deal with a transferable security or money-market instrument falling within paragraph (2) if P knows, or has reasonable cause to suspect, that P is dealing with such a transferable security or money-market instrument.

(2) A transferable security or money-market instrument falls within this paragraph if it has a maturity exceeding 30 days and is issued after 1 August 2014 by—

- (a) a person mentioned in any of paragraphs 1 to 5 of Schedule 2;
- (b) a person, other than an individual, which is—
 - (i) incorporated or constituted under the law of a non-UK country, and
 - (ii) owned by a person within sub-paragraph (a); or
- (c) a person, other than an individual, acting on behalf or at the direction of a person within sub-paragraph (a) or sub-paragraph (b).

(3) A person (“P”) must not, directly or indirectly, deal with a transferable security or money-market instrument falling within paragraph (4) if P knows, or has reasonable cause to suspect, that P is dealing with such a transferable security or money-market instrument.

(4) A transferable security or money-market instrument falls within this paragraph if it has a maturity exceeding 30 days and is issued after 12 September 2014 by—

- (a) a person mentioned in any of paragraphs 6 to 11 of Schedule 2;
- (b) a person, other than an individual, which is—
 - (i) incorporated or constituted under the law of a non-UK country, and
 - (ii) owned by a person within sub-paragraph (a); or
- (c) a person, other than an individual, acting on behalf or at the direction of a person within sub-paragraph (a) or sub-paragraph (b).

(5) Paragraphs (1) and (3) are subject to regulation 63 (exception for acts done for purposes of national security or prevention of serious crime).

(6) A person who contravenes a prohibition in paragraph (1) or (3) commits an offence.

(7) For the purposes of this regulation, and regulations 17 (loans and credit arrangements) and 59 (exceptions relating to loans and credit arrangements), a person (“C”) is “owned” by another person (“P”) if P—

- (a) holds directly or indirectly more than 50% of the shares in C, or
- (b) holds directly or indirectly more than 50% of the voting rights in C.
- (8) Schedule 1 applies for the purpose of interpreting paragraph (7).
- (9) For the purposes of this regulation, a reference to “dealing with” a transferable security or money-market instrument includes a reference to purchasing or selling the security or instrument, providing investment services relating to the security or instrument or assisting in the issuance of the security or instrument.
- (10) In this regulation—
 - “investment services” means—
 - (a) the reception and transmission of orders in relation to one or more financial instruments,
 - (b) the execution of orders on behalf of clients,
 - (c) dealing on own account,
 - (d) portfolio management,
 - (e) the provision of investment advice,
 - (f) the underwriting of financial instruments or placing of financial instruments on a firm commitment basis,
 - (g) the placing of financial instruments without a firm commitment basis, or
 - (h) any service in relation to the admission to trading on a regulated market or trading on a multilateral trading facility;
 - “money-market instrument” means an instrument of a kind normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers, excluding instruments of payment;
 - “non-UK country” means a country that is not the United Kingdom;
 - “transferable security” means a security, negotiable on the capital market, of any of the following kinds, but excluding instruments of payment—
 - (a) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares;
 - (b) bonds or other forms of securitised debt, including depositary receipts in respect of such securities;
 - (c) any other securities giving the right to purchase or sell any security of a kind mentioned in paragraph (a) or (b).

Loans and credit arrangements

17.—(1) A person (“P”) must not directly or indirectly grant a relevant loan if P knows, or has reasonable cause to suspect, that P is granting a relevant loan.

(2) A person must not directly or indirectly enter into any arrangement to grant a relevant loan if the person knows, or has reasonable cause to suspect, that the arrangement relates to a relevant loan.

(3) Paragraphs (1) and (2) are subject to regulations 59 and 63 (exceptions).

(4) A person who contravenes a prohibition in paragraph (1) or (2) commits an offence.

(5) In this regulation—

“non-UK country” means a country that is not the United Kingdom;

“relevant loan” means a loan or credit—

- (a) with a maturity exceeding 30 days,

- (b) made or granted to a relevant person, and
 - (c) which is first made or granted at any time after exit day;
- “relevant person” means—
- (a) a person falling within Schedule 2;
 - (b) a person, other than an individual, which is—
 - (i) incorporated or constituted under the law of a non-UK country, and
 - (ii) owned (within the meaning of regulation 16(7)) by a person within sub-paragraph (a); or
 - (c) a person, other than an individual, acting on behalf or at the direction of a person within sub-paragraph (a) or sub-paragraph (b).

Investments in relation to Crimea

18.—(1) A person (“P”) must not carry on an activity mentioned in paragraph (2) if P knows, or has reasonable cause to suspect, that P is carrying on such an activity.

(2) The activities in this paragraph are—

- (a) directly or indirectly acquiring or extending a participation, or acquiring any ownership interest, in land located in Crimea;
- (b) directly or indirectly acquiring or extending a participation, or acquiring any ownership interest in or control over, a relevant entity;
- (c) directly or indirectly granting any loan or credit, entering into any arrangement to grant any loan or credit, or otherwise providing funds, including for example equity capital—
 - (i) to a relevant entity, or
 - (ii) for the documented purpose of financing any such entity;
- (d) directly or indirectly establishing any joint venture—
 - (i) in Crimea, or
 - (ii) with a relevant entity;
- (e) providing investment services directly related to an activity referred to in sub-paragraphs (a) to (d) above.

(3) Paragraph (1) is subject to Part 7 (Exceptions and licences).

(4) A person who contravenes a prohibition in paragraph (1) commits an offence.

(5) In this regulation—

“investment services” has the same meaning as it has in regulation 16;

“relevant entity” means a person, other than an individual, which has a place of business located in Crimea.