BCL Solicitors LLP

Sanctions: Fortnightly Summary

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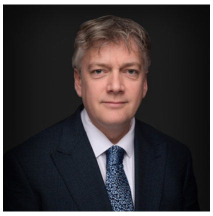

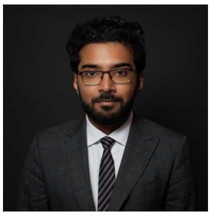

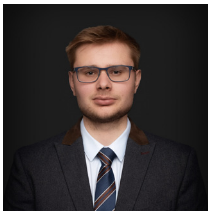

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Welcome to BCL's latest sanctions and export controls round-up, highlighting the key developments in UK and international sanctions.

UK and international sanctions and export controls.

This edition covers the European Union's ("EU") adoption of its long-delayed 21st package against Russia, Airbus Operations Limited's £6.4 million compound settlement with HM Revenue and Customs ("HMRC") for breaches of export controls, new Office of Financial Sanctions Implementation ("OFSI") guidance on Basic Needs Allowance licences, and US designations.

EU Sanctions

Council adopts 21st sanctions package against Russia

- On 23 July, the Council of the European Union adopted its 21st package of sanctions relating to the conflict in Ukraine, following final concessions to Greece permitting a Greek shipping company to continue to ship Russian liquified natural gas ("LNG"), and ending the deadlock reported last month. The package includes 218 listings (48 individuals and 170 entities), the largest single batch since 2022, taking total EU designations to close to 3,000. It is set out across nine legal instruments, with the trade measures against Russia mirrored in the Belarus framework. **[Council press release, 23 July 2026] [FT article]**

- In addition to individual listings, the EU's sanctions package included the following notable measures:

  - Financial and crypto: Significantly, the package creates a new power that allows the EU to impose a full third-country ban for crypto-asset services. This new instrument will enable the EU to ban any transaction between an EU operator and any crypto provider used by Russia. Separately, a transaction ban is extended to 33 further Russian credit and financial institutions, and for the first time to a Kyrgyz bank connected to the SPFS (System for Transfer of Financial Messages, Russia's domestic alternative to the internal SWIFT payment network), and three other non-Russian banks for allegedly circumventing sanctions. Fourteen crypto-asset service providers and exchanges established in Belarus, Georgia, Kyrgyzstan, Panama, the UAE and the Marshall Islands were also listed.

  - Energy: the oil price cap adjustment mechanism introduced under the 18th package is suspended for one year until 15 July 2027, fixing the cap at USD 44.10 per barrel, a direct response to price movements following disruption in the Strait of Hormuz. Eighteen entities and one individual linked to the oil sector are listed, including three Russian refineries and a major Belarusian refinery, and five UAE-based oil traders are made subject to a transaction ban.

  - Refineries and LNG: the package extends the grounds for designation to refineries in Russia and third countries processing or blending Russian-origin crude. Under that framework, the Kulevi Oil Refinery (Georgia) will become subject to a transaction ban in six months (effective 25 January 2027) unless it diversifies away from Russian crude.

  - Infrastructure and trade: transaction bans apply to two Russian ports (Olya and Vysotsk) and four Russian airports with effect from 24 July 2026. Export bans extend to nickel powders, corrosion-resistant coating alloys used in jet engines, self-adhesive films and tapes for aerospace and defence, and aviation items specific to UAVs (unmanned aerial vehicles, or drones). Import restrictions extend to copper, nickel, lead and precious-metal ores, unwrought zinc, tall oil, glassware and car parts, with a wind-down permitting execution of contracts concluded before 24 July 2026 until 25 October 2026.

- Litigation-relevant measures: the package strengthens protections for EU operators against enforcement of Russian court judgments connected to sanctions and extends the ability of EU firms to sue non-Russian contractual counterparties within the EU. It also establishes a mechanism permitting Member States to deny entry to Russian soldiers who fought in Ukraine.

UK Sanctions

OFSI publishes new guidance on Basic Needs Allowance licences

- On 21 July, OFSI published six new FAQs (FAQs 197–202) addressing Basic Needs Allowance ("BNA") licences, which permit Designated Persons (“DP”) to access a capped monthly sum from frozen funds to meet essential daily expenses. **[OFSI FAQ on Basic Needs Allowance Licences]**

- The FAQs confirm that the BNA is intended to ensure that a DP and any financially dependent family members can meet their day-to-day living costs, and that these costs are benchmarked against median household income. Discretionary spending (for leisure, education and recreation) may be consistent with the terms of a BNA where it supports basic family life and is proportionate to the benchmark of a median-income household. The BNA is not intended to preserve a DP’s pre-designation standard of living.

- The guidance also addresses the categories of permissible expenditure (food, clothing, basic household items), reporting requirements, and the treatment of unused monthly allowance, and confirms that costs falling outside the BNA may be considered under separate licensing grounds.

OFSI guidance on identifying fraudulent communications

- On 24 July, OFSI published guidance to assist individuals and businesses in verifying whether an email or communication is genuinely from OFSI, as fraudsters may replicate official government branding, documentation and language. **[OFSI guidance]**

- OFSI confirms that it will never contact individuals via text message or WhatsApp, does not charge fees for licence applications, and will not request payments or cryptoassets in exchange for unfreezing assets or avoiding enforcement action. Communications demanding immediate payment or threatening immediate enforcement should be treated with caution.

- Suspected phishing should be reported to the National Cyber Security Centre.

Libya regime - UN vessel designation implemented

- On 22 July, the UK added the Cameroon-flagged vessel AVAX (IMO 9058713), operated by Nazar Maritime SA, to the UK Sanctions List following its designation by the UN Security Council Committee concerning Libya on 22 July for attempted illicit export of Libyan petroleum. **[FCDO Sanctions List]**

- The vessel is now subject to shipping sanctions under the Libya (Sanctions) (EU Exit) Regulations 2020, including restrictions on UK port access and powers to issue port entry, barring, detention and movement directions, and to terminate UK ship registration where applicable. The UN designation runs until 22 July 2027 unless terminated earlier.

UK Export Controls

HMRC agrees record £6.4m compound settlement with Airbus Operations Limited

- On 30 July, the Export Controls Joint Unit ("ECJU") published Notice to Exporters 2026/17, confirming that Airbus Operations Limited ("Airbus") has paid a compound settlement of £6,409,388 to HMRC for offences under the Export Control Order 2008. HMRC describes this as the highest compound settlement it has ever reached for strategic export offences, more than ten times the £569,157 paid by Petrofac Facilities Management Limited last month. **[ECJU Notice re Airbus]**

- The breaches by Airbus occurred over a sustained period before November 2022 and concerned record-keeping and licence condition failures rather than unlicensed exports. The breaches included multiple breaches of Article 29(2)(a)-(g) (failure to keep accurate records of transfers of controlled technology under the conditions of three Open General Export Licences ("OGEL")) and Article 29(3) (failure to keep registers in relation to OGELs), and a single breach of a Standard Individual Export Licence ("SIEL") condition.

- The case was brought to HMRC's attention by a voluntary disclosure by Airbus, which cooperated fully and implemented remediation measures.

HMRC announce that it entered into compound settlements with two UK exporters

- On 27 July, the ECJU announced that in June 2026, two UK exporters paid compound settlement offers of £216,530.30 and £20,889.15 to HMRC.

- The two UK exporters remained unnamed in the Notice but the ECJU said that the compound settlements "related to unlicensed exports of military-listed goods and related activity prohibited by The Export Control Order 2008 and contrary to The Customs and Excise Management Act 1979." **[ECJU Notice to exporters]**

US Sanctions

OFAC designations

- On 23 July, the Office for Foreign Assets Control ("OFAC") designated an alleged senior Egyptian Muslim Brotherhood official together with three individuals and three entities said to have provided material support to Hamas, two of which are described as sham charities channelling funding to Hamas's military wing. The action was taken under E.O. 13224 and builds on Hamas and Muslim Brotherhood designations announced on 21 January and 12 March 2026. **[OFAC press release]**

- Also on 23 July, OFAC designated more than 50 Mexican persons and entities linked to the Cartel de Jalisco Nueva Generación, a purported terrorist group, under E.O. 14059 and E.O. 13224, including a dual Mexican-US national identified as the cartel's new leader. The

US Treasury has now taken action against more than 250 cartel-linked persons and entities since 2015. **[OFAC press release]**

- A further 11 persons and entities were designated on 23 July under E.O. 14404, targeting the Cuban regime's alleged access to illicit funds, including through the exploitation of medical workers and sanctions evasion networks. **[US Department of State press release]**

- On 27 July, OFAC announced that it removed 84 individuals and entities from the Specifically Designated Nationals and Blocked Persons ("SDN") List and improved identifying information for 22 SDN List entries. These amendments are part of OFAC's modernisation efforts of removing outdated entries, announced in May 2026. OFAC further announced that it had consolidated 18 duplicate SDN list entries where the target appeared on OFAC's sanction lists multiple times. They remain sanctioned. **[OFAC press release] [OFAC sanctions list updates] [OFAC press release – modernisation efforts]**

General licences and FAQs

- On 24 July, OFAC issued Russia-related GL 131H, which authorises certain transactions for the negotiation of and entry into contingent contracts for the sale of Lukoil International GmbH and its subsidiaries, including maintenance and wind-down operations of the entities, through to 22 August 2026. This is the eighth renewal of the licence and replaces General Licence No.131G. **[General Licence No. 131H]**

- On the same day, OFAC issued Venezuela-related FAQ 1239, confirming that parties making authorised payments into the Foreign Government Deposit Funds account established under E.O. 14373 entitled "Safeguarding Venezuelan Oil Revenue for the Good of the American and Venezuelan People" must first obtain payment instructions from the State Department, and that deposits may be rejected where the process is not followed. **[OFAC FAQ 1239]**

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