

Sanctions: Fortnightly Summary



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Authors:



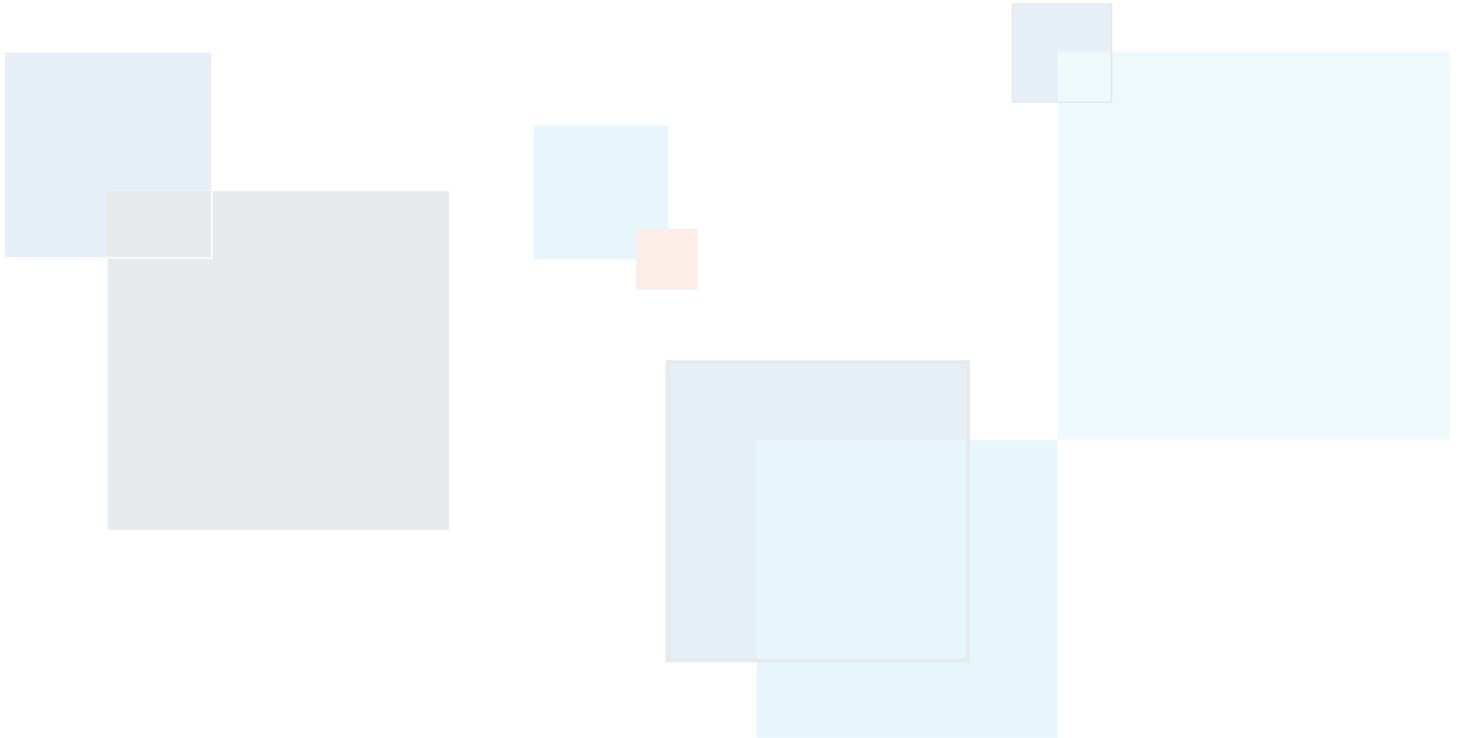
John Binns
Partner



Magali Sharma
Senior Associate



Mohamed Naleemudeen
Associate



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

This edition covers, amongst other matters, recent updates to the Russian sanctions regime, the outcome of a recent designation challenge, updates to the UK's sanctions list, the UK Government's recent publication on sanctions enforcement and a recent settlement with the US's Office of Foreign and Assets Control (OFAC).

Legislative updates

UK Government tightens sanctions on Russian oil processed in third countries

- On 20 May 2026, the Russia (Sanctions) (EU Exit) (Amendment) Regulations 2026 came into force, introducing new trade and transport sanctions into the Russian sanctions regime and amending existing prohibitions. [**Russia (Sanctions) (EU Exit) (Amendment) Regulations 2026**]
- Notably, the new regulations ban the import of refined oil products made from Russian-origin crude oil and the maritime transportation of Russian Liquefied Natural Gas ("LNG"). This means that Russian oil processed in third countries, and certain oil products processed from Russian-origin crude oil in third countries, can no longer enter the UK (unless they are excepted by the newly issued General Trade Licences, discussed below). Further, the regulations ban the import of uranium originating or consigned from Russia, and the provision of construction services to persons connected with Russia.
- New transport sanctions target specified ships, which prohibit persons from chartering or operating a specified ship, require the registrar to refuse to register specified ships and add new purposes for which the Secretary of State can specify ships. New trade sanctions also prohibit the provision and procurement of certain services in relation to specified ships. Further amendments prohibit persons from acquiring or purporting to acquire a detained transport asset from, or for the benefit of, a designated person or person connected with Russia.

OTSI: Two New General Trade Licences

- Alongside (indeed, confusingly for many, slightly before) the new trade sanctions on Russian LNG and Russian-oil processed in third-countries, on 19 May 2026, OTSI published two new general trade licences:
 - General Trade Licence: Maritime Transportation of LNG - This licence relates to new prohibitions in the Russia (Sanctions) (EU Exit) Regulations 2019 ("the Russia Regulations") on the maritime transportation of LNG. The licence authorises the maritime transportation of LNG and associated ancillary services, subject to the licence's conditions. Licensees must notify OTSI within 30 days of activity commencing and maintain records in compliance with regulation 76 of the Russia Regulations. [**General Trade Licence: Maritime Transportation of LNG**]
 - General Trade Licence: Sanctioned Processed Oil Products (Licence no: GBSAN0004) - This licence permits the import into the UK of certain prohibited goods processed in third countries from Russian crude oil, specifically diesel (HS 2710 19 42 / 2710 19 44)

and jet fuel (HS 2710 19 21), alongside associated services and actions related to their import. Licensees must maintain records in compliance with regulation 76 of the Russia Regulations. **[General Trade Licence for sanctioned processed oil products]**.

Designation challenges and listing updates

High Court dismisses designation challenge by Sarvar Ismailov

- On 18 May 2026, the High Court dismissed Sarvar Ismailov’s challenge to the Foreign Secretary’s decision to designate him. Mr Ismailov was designated in 2022, on the basis that he was an “immediate family member” of a person who is or has been involved in destabilising Ukraine, or in undermining or threatening the territorial integrity, sovereignty, or independence of Ukraine, or who has obtained a benefit from, or provided support to, the Government of Russia. **[Sarvar Ismailov (No 2) V Secretary of State for Foreign, Commonwealth and Development Affairs]**.
- Mr Ismailov, a nephew of the designated Alisher Usmanov, argued seven grounds, which included the designation allegedly breaching the principle of legality, being disproportionate, ultra vires, irrational and arbitrary. Internal communications in the Foreign, Commonwealth & Development Office (“FCDO”) disclosed during proceedings showed officials initially expressing concern that simply being his nephew was not an adequate basis for designation and that further evidence was needed.
- The Court dismissed all seven grounds and concluded that the Secretary was entitled to find reasonable grounds to suspect that Mr Ismailov could exert pressure on Mr Usmanov, via the family relationship, and that Mr Ismailov had benefitted from his ties to Mr Usmanov.

UK designates groups accused of spreading pro-Russian propaganda

- On 11 May 2026, the UK Government designated 63 individuals and 22 entities under the Russia Regulations for their alleged involvement in Russian information warfare campaigns and the forced deportation, re-education, and militarisation of Ukrainian children.
- The measures target Kremlin-backed groups such as the Social Design Agency and ANO Dialog, accused of spreading pro-Russian propaganda and attempting to influence Armenian politics. Foreign Secretary Yvette Cooper stated that “The UK will not stand idly by as Putin seeks to sow lies and pro-Kremlin narratives abroad.” **[FCDO press release]**

FCDO revokes the designation of specified ship

- On 14 May 2026, the FCDO revoked the designation of the ship “Millerovo” which had been sanctioned under The Russia Regulations for transporting oil or oil products from Russia to third countries **[FCDO notice]**.
- The FCDO also varied one designation and made three amendments to designations imposed under the Russia Sanctions Regime **[FCDO notice]**. The FCDO also amended four designations made under the Iran Sanctions Regime and one designation made under the Afghanistan Sanctions Regime **[FCDO notice – Iranian regime, FCDO notice – Afghanistan regime]**.

Enforcement actions

OFSI issues £165,000 penalty to Deutsche Bank AG London Branch

- On 19 May 2026, the Office of Financial Sanctions Implementation (“OFSI”) imposed a penalty of £165,000 on Deutsche Bank AG’s London Branch (“DBLB”) for breaches of the UK’s Russian sanctions regime. The penalty relates to two payments processed on behalf of a customer in June and July 2022, totalling approximately £635,618.75, to a Russian company that is wholly owned by a designated entity. **[DB Penalty Notice]**
- According to OFSI, DBLB failed to identify the ownership structure of the recipient of the payment, as its third-party screening provider did not capture the relevant sanctions ownership data. Further, DBLB had been unaware that its customer had not augmented its diligence process by affirmatively requesting ownership information from its customers.
- OFSI took into consideration, as mitigating factors, that DBLB had voluntarily disclosed the breaches to OFSI on 20 September 2022 and cooperated with the investigation. As a result of these factors, OFSI provided a substantial reduction from the original £300,000 proposed penalty. Notably, this is a 45% reduction, higher than the 30% voluntary disclosure reduction proposed in OFSI’s enforcement and monetary penalty guidance, suggesting a pragmatic enforcement approach where firms self-report promptly and cooperate fully.

OFAC-related developments

Adani to pay US £275million sanctions penalty after reaching a settlement

- On 18 May 2026, OFAC announced a \$275,000,000 settlement with Adani Enterprises Limited (“Adani”), for alleged violations of OFACI’s Iran sanctions regime.
- Adani, an Indian multinational company that operates in mining and trading of coal and iron core, was alleged to have committed 32 violations of OFAC’s Iran sanctions regime. Specifically, from November 2023 to June 2025, Adani purchased shipments of liquified petroleum gas from a Dubai-based trader purporting to supply Omani and Iraqi gas. **[OFAC press release]**

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

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51 Lincoln's Inn Fields
London WC2A 3AA

www.bcl.com



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