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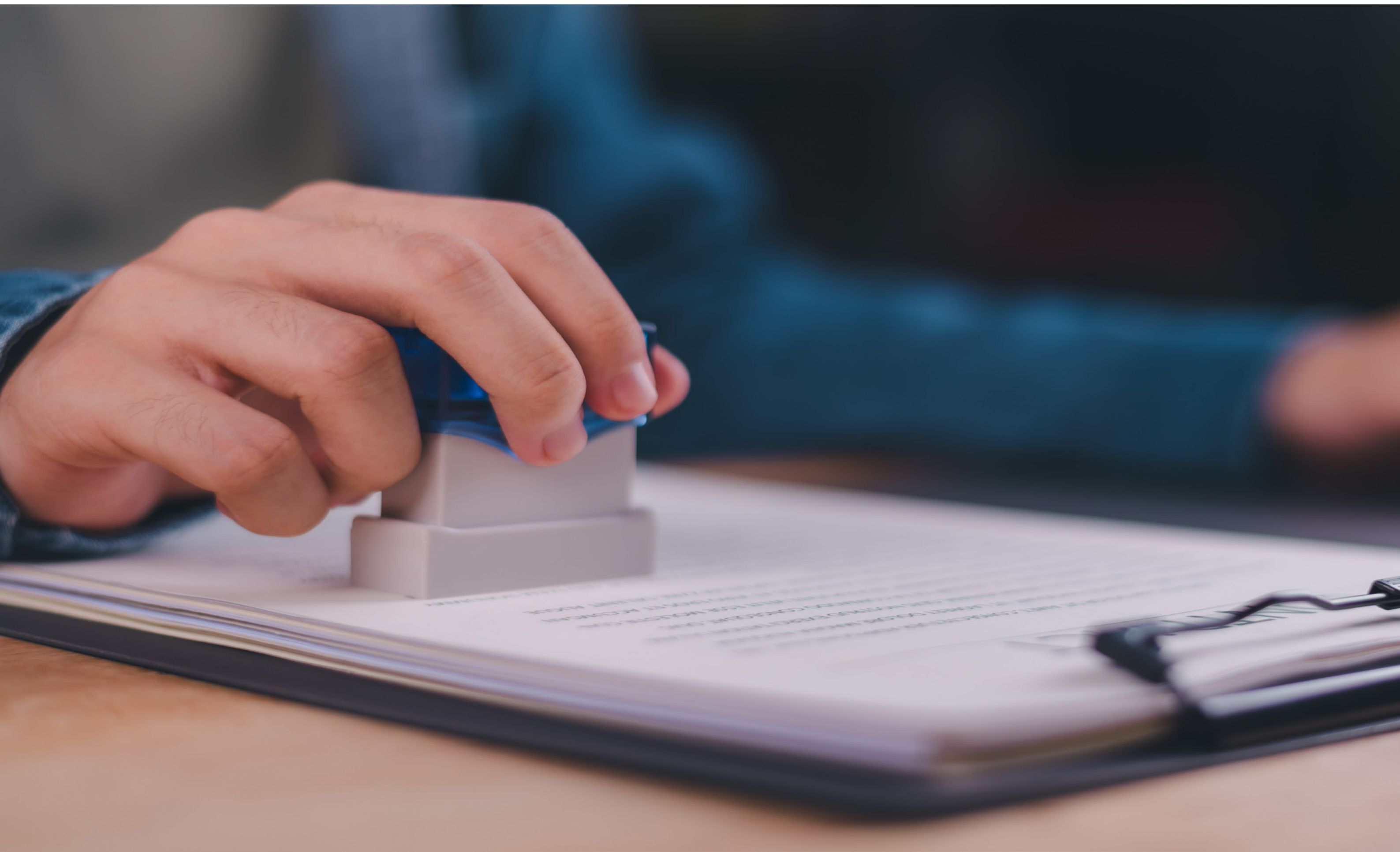
Sanctions: Fortnightly Summary



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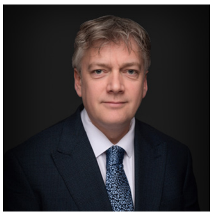
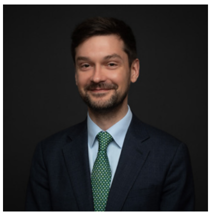
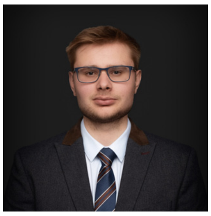
Authors:

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

This edition covers, among other things, the UK's first sanctions package by the new Foreign Secretary, a report on the divergence of US and UK/EU sanctions against Russia, and new US legislation.

UK Sanctions

First sanctions package issued by the new Foreign Secretary, Ed Miliband [FCDO press release dated 6 August; FCDO sanctions notice dated 6 August]

- On 6 August 2026 the Foreign, Commonwealth and Development Office ("FCDO") added 19 entries to the UK's Russia sanctions list. The new round of designations was accompanied by statements reconfirming the "UK's unwavering commitment to supporting Ukraine and bearing down on those propping up the Kremlin's aggression". The new Foreign Secretary, Ed Miliband, added that the UK "will continue stepping up the pressure on Russia until a just and lasting peace has been reached". The move brings the number of sanctions imposed by the UK this year under its Russia sanctions regime to 500 individuals, entities and ships; and the new total of designations to over 3,400.

- On 5 August, Miliband had travelled to Washington DC to meet US Secretary of State Marco Rubio, where discussions focused in part on efforts to maintain pressure on Russia, during which the Foreign Secretary underlined that "Ukraine's security is inseparable from European and transatlantic security".

- Ozon Bank, State Specialized Russian Export-Import Bank, Commercial Bank "Center-Invest", Realist Bank, Bank Stavr and Teleport Bank (all said to be "propping up Russia's war economy") were designated under the Russia (Sanctions) (EU Exit) Regulations 2019 ("the Russia Regulations"), with correspondent banking prohibitions applying in respect of the entities.

- 6 vessels, described by the FCDO as newly acquired shadow fleet tankers responsible for dodging Western sanctions, were specified under regulation 57F of the Russia Regulations: IMO 9333591 (Arctic Express); IMO 9326811 (Perseas); IMO 9470131 (Torvian); IMO 9402263 (Asteras); IMO 9378864 (Visund); and IMO 9346885 (Zenturo). Five of the six oil tankers are said to be carrying oil or oil products of Russian origin from Russia to third countries. LLP Frion Ship Management was designated due to its support of the sale of Arctic Express, the sixth designated tanker.

- LLC Northern Engineering was designated based on its business in the energy sector, an area of strategic significance.

- LLC Metallkomplekt, LLC Nikom, LLC Promsiz and LLC Technolux were designated for making available goods and/or technology that could contribute to the destabilisation of Ukraine or threatening its territorial integrity, sovereignty or independence.

- Aleksander Zhdanov was designated on the basis of his ownership of LLC Siltron, a company operating in the chemical sector, a sector of strategic significance.

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New guidance issued

On 3 August, the Office of Trade Sanctions Implementation ("OTSI") and the Department for Business & Trade ("DBT") issued new guidance concerning "complying with sanctions relating to banknotes" [OTSI and DBT guidance]

- The guidance relates to provisions in the UK's Russia and Belarus sanctions regimes prohibiting (i) the export of banknotes for use in both countries, (ii) the supply and delivery, directly or indirectly, of banknotes to persons connected with Russia or Belarus, as well as (iii) making such banknotes available, directly or indirectly, to a person connected with, or for use in, Russia or Belarus, which came into force on 15 July 2022 (under the Russia Regulations) and 9 July 2023 (under the Belarus equivalent).

- The prohibitions apply (i) to individuals, businesses or organisations undertaking activities in the UK, (ii) to organisations incorporated or constituted under UK law, undertaking activities anywhere in the world, and (iii) to UK nationals. They capture sending banknotes by post or taking them in person or in luggage.

- An exception exists covering use ordinarily captured by the prohibitions but which is necessary for the personal use of a person, or a member of their immediate family, for their essential needs during travel to and stay in Russia or Belarus. Examples of essential needs include accommodation, food and drink, medical services and transport. This exception applies in respect of single journeys, and resets during a new journey, but does not apply at all if the banknotes involved exceed £10,000.

- The exception does not cover amounts that are intended for commercial, investment or professional purposes. Neither can the banknotes be intended for the use of others residing in Russia or Belarus.

Parliamentary Research Briefing published

A Research Briefing entitled "Sanctions against Russia: What has changed since January 2025?", tracking UK, EU and US economic measures against Russia since January 2025, has been published by the House of Commons Library [Research briefing]

- The briefing paper outlines that since January 2025, the UK and EU have "continued to tighten" sanctions against Russia, chiefly targeting sectors of strategic significance of the Russian economy such as the defence industry, banking sector, financial and procurement networks, and the energy sector. They have also seen the expansion of sanctions targeting Russia's "shadow fleet" and third countries said to be enabling sanctions evasion.

- Furthermore, the UK and EU have implemented measures to restrict Russia's energy revenues through the lowering of the Oil Price Cap alongside the announcement and implementation of the EU's roadmap to end its energy dependence on Russian energy. Such measures include stopping the importing of Russian oil and gas by 2027 and Russian nuclear energy being phased out. UK measures relating to the import ban on Russian-origin oil products refined in third countries, including diesel and jet fuel, will be phased in, with a full ban to be in place by 1 January 2027. The government has said that phasing in these measures will support UK supply chains and "ensure market flexibility while increasing pressure on Russia".

- The UK government has estimated that sanctions measures imposed by the UK, EU, US and G7 allies have denied Russia access to at least $450 billion since February 2022, which includes $285 billion in immobilised foreign currency reserves of the Russian Central Bank held within these countries. The Office of Financial Sanctions Implementation ("OFSI") also confirmed that as of May 2025, £28.7 billion of assets linked to Russia have been frozen since 2022.

- In respect of designations, the UK has sanctioned 3,450 individuals, entities and ships under the Russia Regulations, with 3,125 designations being made since 24 February 2022. The EU has also sanctioned close to 3,000 individuals and entities and 673 shadow fleet vessels.

- Importantly, the briefing paper outlines the apparent divergence between UK/EU and US sanctions measures during President Trump's second term as US President. This divergence is evidenced through the disbandment of the US Department of Justice's Task Force KleptoCapture, an interagency law enforcement taskforce dedicated to implementing the US' sanctions regime against Russia. It is also reported that the US has disbanded taskforces aimed at combatting Russian disinformation and the investigation of war crimes in relation to the conflict in Ukraine.

- President Trump's now favoured approach, the report suggests, is to threaten sanctions and / or tariffs against Russia and third countries that have continued to trade with Russia (such as India and China), pursuant to a wider strategy to bring about the negotiation of a peace agreement. This strategy resulted in the US announcing its first sanctions on Russia's largest oil companies, Rosneft and Lukoil, including their overseas subsidiaries. These are said to be triggered by Russia's lack of apparent commitment to a peace process in Ukraine, and regarded as an exception to the wider reported easement of the US administration's sanctions approach against Russia.

- The briefing paper further outlines the need for new UK legislation to address sanctions evasion through third countries. Whilst no timetable for the new legislation has been announced, the then Trade Minister, Chris Bryant, confirmed in his evidence to the Business and Trade Sub-Committee at the end of February 2026, that the UK already had a list of countries associated with diversion of sanctioned trade, which included: Armenia, Kazakhstan, Kyrgyzstan, Uzbekistan, Serbia, Turkey, Thailand, India, UAE, Vietnam, China and Malaysia.

- Finally, the briefing paper touched upon how the EU remains divided on the outright seizure (forfeiture) of Russia's frozen state assets, held by Euroclear, with worries about the impact on the international financial system, the legal precedent that it would set and the potential legal liability challenges for Belgium (where the assets are held). Though debates are ongoing as to the use of seized Russian assets, little practical progress has been made.

OFSI General Licences

- On 6 August, OFSI published an amendment to General licence INT/2025/5635700, which allows for the continuation of business operations with Relevant Subsidiaries of Gazpromneft, Lukoil, Rosneft and Transneft to the extent they are in relation to the Exempt Projects, with the Kurdistan Export Pipeline project being added to that category with effect from 31 July. **[INT/2025/5635700 publication notice]**

- On 12 August, OFSI General Licences INT/2025/8031092 and INT/2025/7895596, facilitating the continuation of business operations with entities linked with Lukoil International and Lukoil Bulgaria, were amended. The amendments expanded the definitions of the subsidiaries of these entities to any "person who is not an individual who is owned or controlled, directly or indirectly" by Lukoil International. Reporting requirements concerning the use of these General Licences were updated accordingly and oblige an entity to provide written notice to HM Treasury as to any reliance on the authorisations in the General Licence. **[INT/2025/8031092 publication notice]**; **[INT/2025/7895596 publication notice]**

OFSI new form

- On 13 August, OFSI launched a new form to be used for the purpose of inviting OFSI to participate in events such as conferences, webinars, workshops, roundtables and other engagement activities. The form is available on **GOV.UK**.

UK courts

- The Supreme Court case page of Dana Astra IOOO v FCDO was updated 6 August 2026 to record that "Permission to Appeal [was] refused." The proposed appeal concerned whether designation of an overseas entity subject to financial sanctions brings it "within the jurisdiction" of the UK for the purposes of the European Convention on Human Rights (engaging the Human Rights Act 1998) despite the entity having no UK assets or business. **[Supreme Court case page]**

US developments

US Senate passes the Lindsey O. Graham Sanctioning Russia Act of 2026

- On 7 August 2026, the US Senate passed the Lindsey O. Graham Sanctioning Russia Act of 2026 by 86 votes to 11. The bill, originally introduced in April 2025, was renamed in honour of Senator Graham following his death in July 2026. **[Guardian article]**

- If enacted, UK businesses trading with major purchasers of Russian oil could face secondary tariff and sanctions exposure. The bill would also grant the US president waiver authority over Russia-related sanctions, and authorise tariffs of up to 500% on Russian exports and 100% on the top five purchasers of Russian oil and natural gas, subject to an exception for countries importing less than 15% of their gas from Russia. **[CBS News article]**

- The bill will make its way to the House of Representatives, though no official date has been set for the vote.

Office of Foreign Assets Control ("OFAC") designations, delistings, licensing activity, and settlements [OFAC recent actions]

- On 5 August 2026, OFAC removed the Iraqi airline Fly Baghdad (also known as Iraq Express), together with two associated aircraft, from the Specially Designated Nationals ("SDN") and Blocked Persons List.

- On 6 August 2026, OFAC designated five Cuban entities and eight individuals said to be involved in the procurement of military equipment from abroad for Cuba's Ministry of the

Revolutionary Armed Forces and security forces.

- On 7 August 2026, OFAC designated eight entities and four individuals said to be enabling Iran's "rahbar" shadow banking system to move hundreds of millions of dollars. These included the Dubai-based exchange houses Titan Exchange and Alps International L.L.C.-FZ, said to have processed transactions for Iran's Shahr Bank and its front companies, and related shell and front companies based in Hong Kong, Singapore and Dubai.

- On 12 August 2026, OFAC entered into a settlement agreement with Rice Lake Weighing Systems, Inc. for $60,764. Between July 2019 and November 2021, the company's Italian subsidiary, Dini Argeo S.r.l., exported weighing equipment to a distributor in the UAE with knowledge that the goods would be re-exported to an end-user in Iran.

EU developments

Council lists five individuals supporting Russia's military-industrial complex [Council press release dated 7 August 2026]

- On 7 August 2026 the Council of the EU adopted additional restrictive measures on five individuals holding senior positions in Russian companies in the defence and military technology sectors. Those listed are subject to an asset freeze, a prohibition on making funds or economic resources available to them or for their benefit, and an EU entry ban.

- Those listed include Ramil Nailevich Badgutdinov, General Director of JSC Serpukhov Plant Metallist, which produces precision electromechanical components including systems used in Russia's Iskander-M ballistic missile, and Aleksandr Yurevich Dyukarev, General Director of JSC Krasnoyarsk Machine-Building Plant, which is involved in the production of ballistic missiles including the RS-28 "Sarmat" missile system. The remaining three are directors of Russian companies involved in the production of military communication systems and in the development of software for unmanned aerial vehicles (drones) and space-related military technologies.

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