



RUSSIA SANCTIONS (APPLICATION) (NO. 3) REGULATIONS 2023

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Statutory Document No. 2023/0339



European Union and Trade Act 2019

RUSSIA SANCTIONS (APPLICATION) (NO. 3) REGULATIONS 2023¹

Approved by Tynwald: 20 February 2024

Coming into operation in accordance with regulation 2

The Council of Ministers makes the following Regulations under section 19 of the European Union and Trade Act 2019.

The Council of Ministers is of the opinion that, by reason of urgency, it is necessary to make these Regulations subject to the Tynwald procedure set out in section 31 of the Legislation Act 2015 (“affirmative”) instead of the “approval required” Tynwald procedure applied by virtue of section 19(1) of the European Union and Trade Act 2019.

1 Title

These Regulations are the Russia Sanctions (Application) (No. 3) Regulations 2023.

2 Commencement

- (1) Subject to paragraphs (2) and (3), these Regulations come into operation on 15 December 2023¹.
- (2) For the purposes of the application of regulations 17, 18 and 21 of the UK No. 4 Regulations to the Island, regulation 3 comes into operation on 26 December 2023.
- (3) Regulation 4, which applies the UK No. 5 Regulations to the Island, comes into operation on 1 January 2024.

¹ Paragraph 7 of Schedule 4 to the European Union and Trade Act 2019 provides that if a statutory document contains a declaration that the Council of Ministers is of the opinion that, by reason of urgency, it is necessary to make the statutory document subject to the Tynwald procedure set out in section 31 of the Legislation Act 2015 (“affirmative”), that procedure applies to the statutory document instead of the “approval required” Tynwald procedure applied by virtue of any provision of the European Union and Trade Act 2019.

3 Application of the Russia (Sanctions) (EU Exit) (Amendment) (No. 4) Regulations 2023

- (1) The Russia (Sanctions) (EU Exit) (Amendment) (No. 4) Regulations 2023² (“the UK No. 4 Regulations”) apply to the Island, as part of the law of the Island, subject to the following modifications.
- (2) In regulation 1 (citation and commencement) —
 - (a) in the heading, omit “and commencement”; and
 - (b) omit paragraphs (2) and (3).
- (3) In regulation 2 (amendments to the Russia (Sanctions) (EU Exit) Regulations 2019), after “2019”, insert **6A**, as they have effect in the Island³, **6B**.
- (4) In regulation 8 (amendment of regulation 59A), in paragraph (5), in the inserted paragraph (2)(b), after “United Kingdom” insert **6A** or the Isle of Man **6B**.
- (5) In regulation 11 (amendment of regulation 60G (trade: exception in relation to certain goods consigned from Russia)), in paragraph (2), in the inserted paragraph (1E)(b), for “United Kingdom” substitute **6A** Isle of Man **6B**.
- (6) In regulation 13 (insertion of regulations 60GAA and 60GAB (trade: exceptions in respect of iron and steel products, relevant processed iron or steel products and metals)) —
 - (a) in the inserted regulation 60GAA —
 - (i) in paragraph (5)(a), for “came into force” substitute **6A** came into operation in the Isle of Man **6B**; and

² SI 2023/1364.

³ SI 2019/855, as amended by SI 2020/590 and SI 2020/951, was applied to the Island by SD 2020/0504. SI 2019/855 has subsequently been amended by SI 2022/194, which was applied to the Island by SD 2022/0098, SI 2022/195, which was applied to the Island by SD 2022/0098, SI 2022/203, which was applied to the Island by SD 2022/0101, SI 2022/205, which was applied to the Island by SD 2022/0102, SI 2022/241, which was applied to the Island by SD 2022/0117, SI 2022/395, which was applied to the Island by SD 2022/0139, SI 2022/452, which was applied to the Island by SD 2022/0161, SI 2022/477, which was applied to the Island by SD 2022/0168, SI 2022/792, which was applied to the Island by SD 2022/0238, SI 2022/801, which was applied to the Island by SD 2022/0240, SI 2022/814, which was applied to the Island by SD 2022/0240, SI 2022/818, which was applied to the Island by SD 2022/0250, SI 2022/850, which was applied to the Island by SD 2022/0245, SI 2022/1110 which was applied to the Island by SD 2022/0304, SI 2022/1122 which was applied to the Island by SD 2022/0321, SI 2022/1331 which was applied to the Island by SD 2022/0346 and SD 2023/0136, SI 2023/440 which was applied to the Island by SD 2023/0157, SI 2023/665 which was applied to the Island by SD 2023/0200 and SI 2023/713 which was applied to the Island by SD 2023/0200.

- (ii) in paragraph (7), after “Customs procedure on import)” insert **63** as that Act has effect in the Isle of Man⁴**62**; and
 - (b) in the inserted regulation 60GAB, in paragraph (3)(b), for “came into force” substitute **63** came into operation in the Isle of Man⁶².
- (7) In regulation 15 (amendment of regulation 64 (Treasury licences)), in paragraph (2), in the inserted paragraph (aza), for “consider” substitute **63** considers **62**.
- (8) In regulation 17 (insertion of regulation 70A (designated person: reporting obligations)), in the inserted regulation 70A —
 - (a) in paragraphs (1) and (2), for “a United Kingdom person”, substitute **63** an Island person **62**; and
 - (b) in paragraph (2), for “United Kingdom” substitute **63** Isle of Man **62**.
- (9) Omit regulation 19 (amendment of regulation 85 (trade enforcement: application of CEMA)).
- (10) Omit regulation 20 (amendment of regulation 88 (monetary penalties)).
- (11) In regulation 21 (amendment of regulation 88C (Treasury: power to impose penalties)) —
 - (a) in paragraph (1) and the heading, for “88C”, substitute **63** 88A **62**;
 - (b) in paragraph (2), in the inserted paragraph (1A), for “they are” substitute **63** it is **62**;
 - (c) in paragraph (5), in the inserted paragraph (6A), for “have” in both places, substitute **63** has **62**; and
 - (d) omit paragraph (6)(a).
- (12) In regulation 22 (amendment and insertion of Schedules) —
 - (a) omit paragraphs (1) to (10) and (12) to (20);
 - (b) in paragraph (11) omit “which is set out in Schedule 2 to these Regulations”.
 - (c) in paragraph (22), in the inserted Part 1ZA —
 - (i) in the inserted paragraph 9DA —
 - (A) omit the definitions of “non-UK country”, “non-UK credit or financial institution” and “UK entity”;
 - (B) in the appropriate places insert —
 - 63** “IOM entity” means a person, other than an individual, incorporate or constituted under the law of the Isle of Man;
 - “non-IOM country” means a country that is not the Isle of Man;

⁴ The Taxation (Cross-border Trade) Act 2018 was applied to the Island by SD 2019/0080.

“non-IOM credit or financial institution” has the same meaning as in regulation 17A;⁵

- (ii) in the inserted paragraphs 9DB and 9DC –
 - (A) for “UK entity”, wherever occurring, substitute ~~“IOM entity”~~;
 - (B) for “non-UK credit or financial institution”, wherever occurring, substitute ~~“non-IOM credit or financial institution”~~; and
 - (C) for “non-UK country”, wherever occurring, substitute ~~“non-IOM country”~~; and
- (d) omit paragraph (24).
- (13) In regulation 23 (minor consequential amendments) omit paragraph (2)(a) and (b).
- (14) Omit the Schedules.
- (15) The text of the UK No. 4 Regulations is annexed to these Regulations.

4 Application of the Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2023

- (1) The Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2023⁵ (“the UK No. 5 Regulations”) apply to the Island, as part of the law of the Island, subject to the following modifications.
- (2) In regulation 1 (citation and commencement) –
 - (a) in the heading, omit “and commencement”; and
 - (b) omit paragraph (2).
- (3) In regulation 2 (amendment of the Russia (Sanctions) (EU Exit) Regulations 2019), after “2019”, insert ~~“~~, as they have effect in the Island⁶, ~~”~~.

⁵ SI 2023/1367.

⁶ SI 2019/855, as amended by SI 2020/590 and SI 2020/951, was applied to the Island by SD 2020/0504. SI 2019/855 has subsequently been amended by SI 2022/194, which was applied to the Island by SD 2022/0098, SI 2022/195, which was applied to the Island by SD 2022/0098, SI 2022/203, which was applied to the Island by SD 2022/0101, SI 2022/205, which was applied to the Island by SD 2022/0102, SI 2022/241, which was applied to the Island by SD 2022/0117, SI 2022/395, which was applied to the Island by SD 2022/0139, SI 2022/452, which was applied to the Island by SD 2022/0161, SI 2022/477, which was applied to the Island by SD 2022/0168, SI 2022/792, which was applied to the Island by SD 2022/0238, SI 2022/801, which was applied to the Island by SD 2022/0240, SI 2022/814, which was applied to the Island by SD 2022/0240, SI 2022/818, which was applied to the Island by SD 2022/0250, SI 2022/850, which was applied to the Island by SD 2022/0245, SI 2022/1110 which was applied to the Island by SD 2022/0304, SI 2022/1122 which was applied to the Island by SD 2022/0321, SI 2022/1331 which was applied to the Island by SD 2022/0346 and SD 2023/0136, SI 2023/440 which was applied to the Island by SD 2023/0157, SI 2023/665

- (4) Omit regulation 6 (amendment of regulation 85 (trade enforcement: application of CEMA)).
- (5) In regulation 7 (amendment and insertion of Schedules) —
 - (a) omit paragraph (1); and
 - (b) in paragraph (2) omit “which is set out in the Schedule to these Regulations”.
- (6) Omit the Schedule.
- (7) The text of the UK No. 5 Regulations is annexed to these Regulations.

5 Amendment of the Russia Sanctions (Application) Regulations 2020

- (1) The Russia Sanctions (Application) Regulations 2020⁷ are amended as follows.
- (2) In the Schedule, in paragraph 1(2), for “2, 2A, 2B, 2C, 2D, 2E, 3, 3A, 3B, 3C, 3D, 3DA, 3E, 3F, 3G, 3H[, 3I and 3J and 4”, substitute **2** to 3J **2**.

MADE 14TH DECEMBER 2023

A RALPHS

Chief Executive Officer (Isle of Man Government)

which was applied to the Island by SD 2023/0200 and SI 2023/713 which was applied to the Island by SD 2023/0200.

⁷ SD 2020/0504.

Annex

STATUTORY INSTRUMENTS

2023 No. 1364

SANCTIONS

The Russia (Sanctions) (EU Exit) (Amendment) (No. 4) Regulations 2023

Made - - - - *12th December 2023*

Laid before Parliament *14th December 2023*

Coming into force in accordance with regulation 1(2) and (3)

The Secretary of State⁸, considering that the condition in section 45(2) of the Sanctions and Anti-Money Laundering Act 2018⁹ is met, makes the following Regulations in exercise of the powers conferred by sections 1, 3(1)(b), (c) and (d), 5, 15, 16(1)(a)(i), 17, 17A, 21(1), 45(1)(b) and (2) and 54(1) and (2)(a) of, and paragraphs 2(b), 3(a) and (b), 4(b) and (c), 5(a)(ii) and (b), 6(a)(ii) and (b), 7(b), 11(a), 13(a), (b), (c), (g), (h), (i), (k), (l) (m), (n), (q) and (w), 14(a) and (f), 17(d) and 20(d) of Schedule 1 to, that Act.

Citation and commencement

1. (1) These Regulations may be cited as the Russia (Sanctions) (EU Exit) (Amendment) (No. 4) Regulations 2023.

~~(2) Regulations 17, 18, 20 and 21 come into force on 26th December 2023.~~

~~(3) The remainder of these Regulations come into force on 15th December 2023.~~

Amendment of the Russia (Sanctions) (EU Exit) Regulations 2019

2. The Russia (Sanctions) (EU Exit) Regulations 2019¹⁰, **as they have effect in the Island**¹¹, are amended as set out in regulations 3 to 23.

⁸ The power to make regulations under Part 1 of the Sanctions and Anti-Money Laundering Act 2018 (c.13) is conferred on an appropriate Minister. Section 1(9)(a) of the Act defines an "appropriate Minister" as including the Secretary of State.

⁹ 2018 c.13. Sections 1(5) and 15 are amended by the Economic Crime and Corporate Transparency Act 2023 (c.56) ("the 2023 Act"), section 35(2) and (5). Section 17(5)(b)(i) (enforcement) is amended by the Sentencing Act 2020 (c.17), Schedule 24, paragraph 443(1). Section 17(9)(a) is amended by the 2023 Act, section 214(3). Section 17A is inserted by the 2023 Act, section 214(4). Sections 1 and 45 are amended by the Economic Crime (Transparency and Enforcement) Act 2022 (c.10), sections 57 and 62.

¹⁰ S.I. 2019/855 as amended by S.I. 2020/590 and 951; S.I. 2022/123; 194; 195; 203; 205; 241; 395; 452; 477; 500; 792; 801; 814; 850; 1110; 1122 and 1331, and S.I. 2023/149, 440, 665 and 713 and by the Sentencing Act 2020 (c.17).

¹¹ SI 2019/855, as amended by SI 2020/590 and SI 2020/951, was applied to the Island by SD 2020/0504. SI 2019/855 has subsequently been amended by SI 2022/194, which was applied to the Island by SD 2022/0098, SI 2022/195, which was applied to the Island by SD 2022/0098, SI 2022/203, which was applied to the Island by SD 2022/0101, SI 2022/205, which was applied to the Island by SD 2022/0102, SI 2022/241, which was applied to the Island by SD 2022/0117, SI 2022/395, which was applied to the Island by SD 2022/0139, SI 2022/452, which was applied to the Island by SD 2022/0161, SI 2022/477, which was applied to the Island by SD 2022/0168, SI 2022/792, which was applied to the Island by SD 2022/0238, SI 2022/801, which was applied to the Island by SD 2022/0240, SI 2022/814, which was applied to the Island by SD 2022/0240, SI 2022/818, which was applied to the Island by SD 2022/0250, SI 2022/850, which was applied to the Island by SD 2022/0245, SI 2022/1110, which

Amendment of regulation 17A

3. (1) Regulation 17A is amended as follows.
- (2) In the heading, for "etc." substitute "and processing payments".
- (3) In paragraph (2), omit "sterling" in both places it occurs.
- (4) For paragraph (5) substitute—
- "(5) For the purposes of this regulation, a reference to "processing" a payment—
- (a) includes the clearing and settlement of a payment; but
- (b) does not include the act of crediting a payment, for the first time, to C where that payment is credited to an account which is—
- (i) in the name of C; and
- (ii) not held on behalf of, or for the benefit of, a customer of C."

Amendment of regulation 21(1) (trade: interpretation)

4. (1) Regulation 21(1) is amended as follows.
- (2) In the definition of "goods relating to chemical and biological weapons"—
- (a) at the end of paragraph (b), for ";" substitute ",";
- (b) after paragraph (b) insert—
- "other than any thing for the time being specified in Schedule 2 to the Export Control Order 2008 or in Annex 1 of the Dual-Use Regulation;"
- (3) In the definition of "technology relating to chemical and biological weapons", after "Schedule 3C" insert "(except any thing for the time being specified in Schedule 2 to the Export Control Order 2008 or in Annex 1 of the Dual-Use Regulation)".
- (4) In the provisions of the definitions specified in paragraph (5), omit "or 3".
- (5) Those provisions are—
- (a) paragraph (a)(ii)(aa) of the definition of "critical-industry goods";
- (b) paragraph (a) of the definition of "critical-industry technology";
- (c) paragraph (a) of the definition of "G7 dependency and further goods";
- (d) paragraph (a)(ii)(aa) of the definition of "quantum computing and advanced materials goods";
- (e) paragraph (a) of the definition of "quantum computing and advanced materials technology"; and
- (f) paragraph (a) of the definition of "Russia's vulnerable goods".
- (6) In paragraph (a) of the definition of "luxury goods", for "Schedules 2 or 3" substitute "Schedule 2".
- (7) In paragraph (a) of the definition of "maritime goods" and "maritime technology", for "Schedules 2 and 3" substitute "Schedule 2".
- (8) In both—
- (a) paragraph (a)(ii)(aa) of the definition of "oil refining goods"; and
- (b) paragraph (a) of the definition of "oil refining technology",

was applied to the Island by SD 2022/0304, SI 2022/1122, which was applied to the Island by SD 2022/0321, SI 2022/1331, which was applied to the Island by SD 2022/0346 and SD 2023/0136, SI 2023/440, which was applied to the Island by SD 2023/0157, SI 2023/665, which was applied to the Island by SD 2023/0200 and SI 2023/713 which was applied to the Island by SD 2023/0200.

for "3" substitute "2".

Insertion of regulations 46BA, 46BB and 46BC (luxury goods)

5. In Chapter 4B, after regulation 46B insert—

"Technical assistance relating to luxury goods

46BA. (1) A person must not directly or indirectly provide technical assistance relating to luxury goods—

- (a) to a person connected with Russia, or
- (b) for use in Russia.

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

(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but—

- (a) it is a defence for a person charged with an offence of contravening paragraph (1)(a) ("P") to show that P did not know and had no reasonable cause to suspect that the person was connected with Russia;
- (b) it is a defence for a person charged with an offence of contravening paragraph (1)(b) to show that the person did not know and had no reasonable cause to suspect that the luxury goods were for use in Russia.

Financial services and funds relating to luxury goods

46BB. (1) A person must not directly or indirectly provide financial services or funds in pursuance of or in connection with an arrangement whose object or effect is—

- (a) the export of luxury goods to, or for use in, Russia;
- (b) the direct or indirect supply or delivery of luxury goods to a place in Russia;
- (c) directly or indirectly making luxury goods available—
 - (i) to a person connected with Russia, or
 - (ii) for use in Russia; or
- (d) the direct or indirect provision of technical assistance relating to luxury goods—
 - (i) to a person connected with Russia, or
 - (ii) for use in Russia.

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

(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with the offence of contravening that paragraph to show that the person did not know and had no reasonable cause to suspect that the financial services or funds (as the case may be) were provided in pursuance of or in connection with an arrangement mentioned in that paragraph.

Brokering services relating to luxury goods

46BC. (1) A person must not directly or indirectly provide brokering services relating to luxury goods—

- (a) to a person connected with Russia; or
- (b) for use in Russia.

- (2) A person must not directly or indirectly provide brokering services in pursuance of or in connection with an arrangement whose object or effect is—
- (a) the export of luxury goods to, or for use in, Russia;
 - (b) the direct or indirect supply or delivery of luxury goods to a place in Russia;
 - (c) directly or indirectly making luxury goods available—
 - (i) to a person connected with Russia, or
 - (ii) for use in Russia; or
 - (d) the direct or indirect provision of technical assistance relating to luxury goods—
 - (i) to a person connected with Russia, or
 - (ii) for use in Russia.
- (3) Paragraphs (1) and (2) are subject to Part 7 (Exceptions and licences).
- (4) A person who contravenes a prohibition in any of paragraph (1) or (2) commits an offence, but—
- (a) it is a defence for a person charged with an offence of contravening paragraph (1)(a) (“P”) to show that P did not know and had no reasonable cause to suspect that the brokering services were provided to a person who was connected with Russia;
 - (b) it is a defence for a person charged with the offence of contravening paragraph (2) to show that the person did not know and had no reasonable cause to suspect that the brokering services were provided in pursuance of or in connection with an arrangement mentioned in that paragraph;
 - (c) it is a defence for a person charged with the offence of contravening paragraph (2) to show that the person did not know and had no reasonable cause to suspect that the brokering services were provided in pursuance of or in connection with an arrangement mentioned in that paragraph.”

Amendments of Chapter 4CA (iron and steel products processed in a third country)

6. (1) Chapter 4CA is amended as follows.
- (2) In the heading to that Chapter, omit “and associated provision”.
- (3) In regulation 46IA, in the definition of “iron or steel product”, after “specified in” insert “Part 1, 2 or 3 of”.

Insertion of Chapter 4CB

7. After regulation 46IE insert—

“CHAPTER 4CB

Metals

Interpretation

46IF. In this Chapter—

“metals” means any thing specified in Schedule 3BA;

“third country” means a country that is not the United Kingdom, the Isle of Man or Russia.

Import of metals

- 46IG.** (1) The import of metals which are consigned from Russia is prohibited.
(2) The import of metals which originate in Russia is prohibited.
(3) Paragraphs (1) and (2) are subject to Part 7 (Exceptions and licences).

Acquisition of metals

- 46IH.** (1) A person must not directly or indirectly acquire metals which—
(a) originate in Russia; or
(b) are located in Russia.
(2) Paragraph (1) is subject to Part 7 (Exceptions and licences).
(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but—
(a) it is a defence for a person charged with the offence of contravening paragraph (1)(a) to show that the person did not know and had no reasonable cause to suspect that the metals originated in Russia;
(b) it is a defence for a person charged with the offence of contravening paragraph (1)(b) to show that the person did not know and had no reasonable cause to suspect that the metals were located in Russia.

Supply and delivery of metals

- 46II.** (1) A person must not directly or indirectly supply or deliver metals from a place in Russia to a third country.
(2) Paragraph (1) is subject to Part 7 (Exceptions and licences).
(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with the offence of contravening paragraph (1) to show that the person did not know and had no reasonable cause to suspect that the supply or delivery was from a place in Russia, whether directly or indirectly.”

Amendment of regulation 59A

- 8.** (1) Regulation 59A is amended as follows.
(2) For the heading substitute “Exceptions relating to processing payments”.
(3) Renumber regulation 59A as regulation 59A(1).
(4) In the renumbered paragraph (1), omit “sterling” in both places.
(5) After the renumbered paragraph (1) insert—
“(2) The prohibition in regulation 17A(2) is not contravened by a transfer (or, if necessary, more than one transfer) of funds by C from account A to account B where—
(a) neither account A nor account B are held in the name of a customer of C; and
(b) both account A and account B are held within the United Kingdom **or the Isle of Man**; and

- (c) the transfer (or transfers) from account A to account B is (or are) carried out for the purpose of compliance with regulation 17A(2)."

Amendment of regulation 60A (trade: exceptions in relation to personal effects etc.)

- 9.** - (1) Regulation 60A is amended as follows.
- (2) In paragraph (1AA)—
 - (a) in sub-paragraph (a), for "gold jewellery" substitute "jewellery coming within commodity codes 7113 00 00 and 7114 00 00";
 - (b) in sub-paragraph (d), omit "gold".
 - (3) After paragraph (1AA) insert—

"(1AAA) Paragraph 1 of Schedule 3 applies for the purpose of interpreting the commodity codes specified in paragraph (1AA)(a)."

Amendment of regulation 60B (trade: exceptions in relation to consumer communication devices and software updates)

- 10.**—(1) Regulation 60B is amended as follows.
- (2) In paragraph (1)—
 - (a) for "and regulation 46B (luxury goods)" substitute ", Chapter 4B (export of luxury goods etc.) and Chapter 4H (export of G7 dependency and further goods etc.)";
 - (b) for "or luxury goods" substitute ", luxury goods or G7 dependency and further goods".
 - (3) In paragraph (2)(a) insert in the appropriate place—

"G7 dependency and further goods has the meaning given in regulation 21 (interpretation of Part 5);".

Amendment of regulation 60G (trade: exception in relation to certain goods consigned from Russia)

- 11.** (1) Regulation 60G is amended as follows.
- (2) After paragraph (1D) insert—

"(1E) The prohibitions specified in paragraphs (1F) and (1G) do not apply to, or in relation to, any products mentioned in any of those paragraphs which are—

 - (a) consigned from Russia before 15th December 2023; and
 - (b) imported into the ~~United Kingdom~~ **Isle of Man** before 14th January 2024.
 - (1F) The prohibitions specified in this paragraph are those set out in—
 - (a) regulation 46D (import of iron and steel products);
 - (b) regulation 46G(1)(a) (technical assistance relating to iron and steel products);
 - (c) regulation 46H(1)(a) (financial services and funds relating to iron and steel products);
 - (d) regulation 46I(1) (brokering services relating to iron and steel products) to the extent that prohibition applies to an arrangement described in regulation 46H(1)(a),

as they apply in relation to products specified in Part 4 of Schedule 3B (iron and steel products).

(1G) The prohibitions specified in this paragraph are those set out in regulation 46IG (import of metals) except in so far as those prohibitions relate to products coming within commodity codes 7606, 7801, 8207, 8212, 8302 and 8309.

(1H) Paragraph 1 of Schedule 3 applies for the purposes of interpreting the commodity codes specified in paragraph (1G)."

- (3) In paragraph (2), for "paragraph (1A)(a)" substitute "paragraphs (1A)(a) and (1E)(a)".

Amendment of regulation 60GA (trade: exception in respect of the acquisition of iron and steel products)

- 12.** (1) Regulation 60GA is amended as follows.
- (2) At the end of the heading insert "and metals".
- (3) For paragraph (1) substitute—
- "(1) Without prejudice to regulation 60GAA, the prohibitions specified in paragraphs (2) and (2A) do not apply in relation to relevant products located in the United Kingdom or the Isle of Man having been lawfully imported there."
- (4) In paragraph (2)—
- (a) in sub-paragraph (b), for "46G(1)(b)" substitute "46G(1)(b)(i)";
- (b) in sub-paragraph (c), for "46H(1)(b)" substitute "46H(1)(b)(i)";
- (c) at the end of sub-paragraph (d) insert "in relation to any arrangements described in regulation 46H(1)(b)(i)".
- (5) After paragraph (2) insert—
- "(2A) The prohibition specified in this paragraph is that in regulation 46IH(1)(a) (acquisition of metals)."
- (6) For paragraph (3) substitute—
- "(3) In this regulation "relevant products" means the products to which the respective prohibitions specified in paragraphs (2) and (2A) apply."

Insertion of regulations 60GAA and 60GAB (trade: exceptions in respect of iron and steel products, relevant processed iron or steel products and metals)

- 13.** After regulation 60GA insert—

"Trade: exception in respect of iron and steel products, relevant processed iron or steel products and metals exported from Russia before the relevant day

60GAA. (1) The prohibitions specified in paragraphs (2), (3) and (4) do not apply in relation to anything done in relation to relevant products originating in or consigned from Russia where those goods—

- (a) were exported from Russia before the relevant day; and
- (b) are not to be released for free circulation in the United Kingdom or the Isle of Man.

(2) The prohibitions specified in this paragraph are those in—

- (a) regulation 46D (import of iron and steel products);
- (b) regulation 46G(1)(a) (technical assistance relating to iron and steel products);
- (c) regulation 46H(1)(a) (financial services and funds relating to iron and steel products);

- (d) regulation 46I in relation to any arrangements described in regulation 46H(1)(a) (brokering services relating to iron and steel products).
- (3) The prohibitions specified in this paragraph are those in—
 - (a) regulation 46IB(1) (import of relevant processed iron or steel products);
 - (b) regulation 46IC(1) (technical assistance relating to relevant processed iron or steel products);
 - (c) regulation 46ID(1) (financial services and funds relating to relevant processed iron or steel products);
 - (d) regulation 46IE(1) (brokering services relating to relevant processed iron or steel products).
- (4) The prohibitions specified in this paragraph are those in regulation 46IG (import of metals).
- (5) For the purposes of paragraph (1)—
 - (a) “relevant day” means, in relation to the application of that paragraph to a prohibition specified in paragraph (2), (3) or (4), the date on which that prohibition ~~came into force~~ **came into operation in the Isle of Man**;
 - (b) “relevant products” means the products to which the prohibitions specified in paragraph (2), (3) or (4) apply.
- (6) For the purposes of paragraph (1)(a) and regulation 60GAB(1), a thing has been exported from Russia when—
 - (a) it has completed the applicable export formalities; and
 - (b) where it was transported by—
 - (i) land, it has left Russian territory;
 - (ii) sea, the ship on which it was transported has departed a port in Russia for a destination outside of Russia;
 - (iii) air, the aircraft on which it was transported has departed an airport in Russia for a destination outside of Russia.
- (7) Section 3 of the Taxation (Cross-border Trade) Act 2018¹² (obligation to declare goods for a Customs procedure on import) **as that Act has effect in the Isle of Man**¹³ applies for determining whether paragraph (1)(b) applies.

Trade: exception relating to ancillary services relating to acquisition when iron and steel products are in third countries

60GAB. (1) The prohibitions specified in paragraph (2) do not apply in relation to anything done in relation to iron and steel products originating in Russia where those products were exported from Russia before the relevant day.

- (2) The prohibitions specified in this paragraph are those relating to—
 - (a) regulation 46G(1)(b)(i) (technical assistance relating to iron and steel products);
 - (b) regulation 46H(1)(b)(i) (financial services and funds relating to iron and steel products);

¹² 2018 c.22.

¹³ The Taxation (Cross-border Trade) Act 2018 was applied to the Island by SD 2019/0080.

- (c) regulation 46I (brokering services relating to iron and steel products) in relation to any arrangements described in regulation 46H(1)(b)(i).
- (3) For the purposes of paragraph (1)—
 - (a) “iron and steel products” has the meaning given in regulation 46C;
 - (b) “relevant day” means, in relation to the application of that paragraph to a prohibition specified in paragraph (2), the date on which that prohibition ~~came into force~~ **came into operation in the Isle of Man.**”

Amendment of regulation 61 (trade: exceptions for emergencies in certain cases)

14. In regulation 61(1A)(d), for “regulation 46Y” substitute “ Chapter 4H”.

Amendment of regulation 64 (Treasury licences)

- 15.** (1) Regulation 64(2) is amended as follows.
- (2) After sub-paragraph (a) insert—
- “(aza) in the case of acts which would otherwise be prohibited by regulations 11 to 15, 16, 17, 17A, 18A and 18C, where the Treasury ~~consider~~ **considers** that it is appropriate to issue the licence for a purpose set out in Part 1ZA of Schedule 5;”.
- (3) In sub-paragraph (ac), omit “sterling”.

Amendment of regulation 70 (finance: reporting obligations)

- 16.** (1) Regulation 70 is amended as follows.
- (2) After paragraph (1) insert—
- “(1ZA) A relevant firm must also inform the Treasury as soon as practicable if—
- (a) it knows, or has reasonable cause to suspect, that it holds funds or economic resources for a prohibited person; and
 - (b) the information or other matter on which the knowledge or cause for suspicion is based came to it in the course of carrying on its business.
- (1ZB) Where the relevant firm knows, or has reasonable cause to suspect, that it holds funds or economic resources for a prohibited person, it must by no later than 31st October in each calendar year, provide a report to the Treasury as to the nature and amount or quantity of those funds or economic resources held by that firm as of 30th September in that calendar year.”
- (3) In paragraph (3)(a), after “designated person” insert “or under paragraph (1ZA) that it knows, or has reasonable cause to suspect, that a person for whom it holds funds or economic resources is a prohibited person”.
- (4) In paragraph (6), after “(1),” insert “(1ZA), (1ZB),”.
- (5) In paragraph (7), insert in the appropriate place—
- ““prohibited person” means a person to whom financial services must not be provided by virtue of regulation 18A(1);”.

Insertion of regulation 70A (designated persons: reporting obligations)

17. After regulation 70 insert—

“Designated persons: reporting obligations

70A. (1) A designated person who is a ~~United Kingdom person~~ **an Island person** must, by the end of the period specified in paragraph (3) or (4) (as the case may be) inform the Treasury of—

- (a) the nature and value of any funds or economic resources which that person owns, holds or controls in any jurisdiction; and
 - (b) the location of those funds or economic resources.
- (2) A designated person who is not a ~~United Kingdom person~~ **an Island person** must, by the end of the period specified in paragraph (3) or (4) (as the case may be) inform the Treasury of—
- (a) the nature and value of any funds or economic resources which that person owns, holds or controls in the ~~United Kingdom~~ **Isle of Man**; and
 - (b) the location of those funds or economic resources.
- (3) Where a person is a designated person immediately before the day on which this regulation comes into force (“the relevant day”), the designated person must give the information in paragraph (1) or (2) (as the case may be) to the Treasury by the end of the period of 10 weeks starting on the relevant day.
- (4) Where a person is not a designated person immediately before the relevant day but becomes a designated person on or after that day, the designated person must give the information in paragraph (1) or (2) (as the case may be) to the Treasury by the end of the period of 10 weeks starting on the day on which the person becomes a designated person.
- (5) Where a designated person has provided information to the Treasury under paragraph (1) or (2), that person must inform the Treasury as soon as practicable of any change to the nature, value or location of the funds or economic resources.
- (6) A person who—
- (a) without reasonable excuse, refuses or fails to comply with the requirement in paragraph (1), (2) or (5) (as the case may be); or
 - (b) knowingly or recklessly, gives information under paragraph (1), (2) or (5) (as the case may be) which is false in a material particular,
- commits an offence.
- (7) In this regulation, “designated person” has the same meaning as it has in Chapter 1 of Part 3 (Finance).”

Amendment of regulation 80 (penalties for offences)

18. In regulation 80(4), after “70(6)” insert “, 70A(6)”.

~~Amendment of regulation 85 (trade enforcement: application of CEMA)~~

~~19. (1) Regulation 85 is amended as follows.~~

~~(2) In paragraph (3B)—~~

- (a) ~~after “the following provisions—” insert—~~
- ~~“(za) regulation 24(3) insofar as it relates to the prohibition at regulation 24(1)(c);~~
 - ~~(zb) regulation 29A(3);”;~~
- (b) ~~omit sub-paragraphs (a) and (b);~~
- (c) ~~after sub-paragraph (d) insert—~~
- ~~“(da) regulation 46A(4);”;~~
- (d) ~~after sub-paragraph (e) insert—~~
- ~~“(ea) regulation 46BA(3) (technical assistance relating to luxury goods) insofar as the technical assistance provided relates to the supply or delivery of luxury goods from a third country to a place in Russia;~~
 - ~~(eb) regulation 46BB(3) (financial services and funds relating to luxury goods) insofar as it relates to the prohibition at—~~
 - ~~(i) regulation 46BB(1)(b) and insofar as the financial services or funds provided relate to the supply or delivery of luxury goods from a third country to a place in Russia;~~
 - ~~(ii) regulation 46BB(1)(c) and insofar as the financial services or funds provided relate to the supply or delivery of luxury goods from a third country to a place in Russia;~~
 - ~~(iii) regulation 46BB(1)(d) and insofar as the financial services or funds provided relate to the provision of technical assistance for the supply or delivery of luxury goods from a third country to a place in Russia;~~
 - ~~(ec) regulation 46BC(4) (brokering services relating to luxury goods) insofar as it relates to the prohibition at—~~
 - ~~(i) regulation 46BC(2)(b) and insofar as the brokering services provided relate to the supply or delivery of luxury goods from a third country to a place in Russia;~~
 - ~~(ii) regulation 46BC(2)(c) and insofar as the brokering services provided relate to the supply or delivery of luxury goods from a third country to a place in Russia;~~
 - ~~(iii) regulation 46BC(2)(d) and insofar as the brokering services provided relate to the provision of technical assistance for the supply or delivery of luxury goods from a third country to a place in Russia;”;~~
- ~~after sub-paragraph (h) insert—~~
- ~~“(ha) regulation 46II(3);”;~~
- (e) ~~after sub-paragraph (j) insert—~~
- ~~“(ja) regulation 46XD(3);~~
 - ~~(jb) regulation 46XE(3) insofar as it relates to the prohibition at 46XE(1)(c);~~
 - ~~(jc) regulation 46XF(3) insofar as it relates to the prohibition at 46XF(1)(c);”.~~
- (3) ~~After paragraph (3B) insert—~~
- ~~“(3BA) In paragraph (3B)(ea) to (ec), “third country” means a country that is not the United Kingdom, the Isle of Man or Russia.~~

~~(3BB) Paragraph (3A) also applies to the suspected commission of a relevant offence under regulation 55(2), insofar as the activity to which the suspected offence relates is the circumvention of, or enabling or facilitation of a contravention of, a prohibition in relation to an offence specified in paragraph (3B)."~~

~~(4) In paragraph (3C)—~~

~~(a) for "Regulations 85(3A)" substitute "Paragraph (3A)";~~

~~(b) after "68(1)," insert "68(2),".~~

Amendment of regulation 88 (monetary penalties)

~~20. In regulation 88, for "is" substitute "and regulation 70A (designated persons: reporting obligations) are".~~

Amendment of regulation 88C 88A (Treasury: power to impose penalties)

21. (1) Regulation 88C **88A** is amended as follows.

(2) After paragraph (1) insert—

"(1A) The Treasury may impose a monetary penalty on a person if ~~they are~~ **it is** satisfied, on the balance of probabilities, that the person has committed an offence under regulation 70A (designated persons: reporting obligations)."

(3) After paragraph (2) insert—

"(2A) For the purposes of paragraph (1A), any requirement for the person to have acted without reasonable excuse, or with knowledge or recklessness, is to be ignored."

(4) In paragraph (5), after "(1)" insert ", (1A)".

(5) After paragraph (6) insert—

"(6A) Where it is possible to estimate the value of the funds or economic resources which the Treasury ~~have~~ **has** not been informed of under regulation 70A(1), (2) or (5) (as the case may be), the permitted maximum is the greater of—

(a) £1,000,000, and

(b) 50% of the value of the funds or economic resources which the Treasury ~~have~~ **has** not been informed of."

(6) In paragraph (10)(b)—

~~for "is satisfied" substitute "are satisfied";~~

~~after "(1)" insert ", (1A)".~~

Amendment and insertion of Schedules

~~22. (1) Schedule 2A (critical industry goods and critical industry technology) is amended in accordance with paragraphs (2) to (8).~~

~~(2) In Part 1A, at the end of the table insert—~~

~~"Tungsten, tungsten carbide and alloys, not controlled by 1C117 or 1C226 of Annex 1 of the Dual Use Regulation, containing more than 90 % tungsten by weight.
Note 1: For the purpose of this control, wire is excluded.~~

Note 2: For the purpose of this control, surgical or medical instruments are excluded."

(3) ~~Part 2 is amended in accordance with paragraphs (4) to (8).~~

(4) ~~At the end of entry 3A991, insert~~

~~"p. Ceramic frequency filters;~~

~~q. Cermet trimmers."~~

(5) ~~After entry 3B992 insert~~

~~**3B993 Equipment for the manufacture of Printed Circuit Boards (PCBs) and specially designed components and accessories therefor, as follows:**~~

~~a. Film processing equipment;~~

~~b. Solder mask coating equipment;~~

~~c. Photo plotter equipment;~~

~~d. Plating or electroplating deposition equipment;~~

~~e. Vacuum chambers and presses;~~

~~f. Roll laminators;~~

~~g. Alignment equipment;~~

~~h. Etching equipment.~~

~~**3B994 Automated optical inspection equipment for testing Printed Circuit Boards (PCBs), based on optical or electrical sensors, and capable to detect any of the following quality defects:**~~

~~a. Spacing, area, volume or height;~~

~~b. Bill boarding;~~

~~c. Components (presence, absence, flipped, offset, polarity, or skew);~~

~~d. Solder (bridging, insufficient solder joints);~~

~~e. Leads (insufficient paste, lifting);~~

~~f. Tombstoning; or~~

~~g. Electrical (shorts, opens, resistance, capacitance, power, grid performance)."~~

(6) ~~After entry 3C992 insert~~

~~**3C993 Chemicals and materials of the type used in the production of Printed Circuit Boards (PCBs), as follows:**~~

~~a. PCB composite substrates made of glass fibre or cotton (e.g. FR-4, FR-2, FR-6, CEM-1, G-10, etc.);~~

~~b. Multilayer PCB substrates, containing at least one layer of any of the following materials:~~

~~b.1. Aluminium;~~

~~b.2. Polytetrafluoroethylene (PTFE); or~~

~~b.3. Ceramic materials (e.g. alumina, titanium oxide, etc.);~~

~~c. Etchant chemicals;~~

~~e.1. Ferric chloride (7705-08-0);~~

~~e.2. Cupric chloride (7447-39-4);~~

~~e.3. Ammonium persulphate (7727-54-0);~~

~~e.4. Sodium persulphate (7775-27-1);~~

c.5. — Chemical preparations specially designed for etching and containing any of the chemicals included in c.1 to c.4.

Note: 3C993.c. does not control “chemical mixtures” containing one or more of the chemicals specified in entry c. in which no individually specified chemical constitutes more than 10 % by the weight of the mixture.

d. — Copper foil with a minimum purity 95 % and of a thickness less than 100 µm;

e. — Polymeric substances and films thereof of less than 0.5 mm of thickness, as follows:

e.1. — Aromatic polyimides;

e.2. — Parylenes;

e.3. — Benzocyclobutenes (BCBs);

e.4. — Polybenzoxazoles.”

(7) — After entry 3D991 insert —

~~“3D992 — “Software” specially designed for the test, “development” or “production” of Printed Circuit Boards (PCBs).”~~

(8) — After entry 3E991 insert —

~~“3E992 — “Technology” for the “development”, “production” or “use” of Printed Circuit Boards (PCBs).”~~

(9) — In Schedule 3A (luxury goods) —

(a) — ~~in paragraph 17, insert in the appropriate place in the table —~~

“8527 12 00	Pocket-size radio-cassette”;
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(b) — ~~in paragraph 18, insert in the appropriate places in the table —~~

“8703 21	Motor cars and other motor vehicles principally designed for the transport of <10 persons, including station wagons and racing cars, with only spark-ignition internal combustion reciprocating-piston engine of a cylinder capacity <=1,000 cm³”
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“8703 22	Motor cars and other motor vehicles principally designed for the transport of <10 persons, including station wagons and racing cars, with only spark-ignition internal combustion reciprocating-piston engine of a cylinder capacity >1,000 cm³ but <=1,500 cm³”
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“8703 31	Motor cars and other motor vehicles principally designed for the transport of <10 persons, including station wagons and racing cars, with only diesel engine of a cylinder capacity <=1,500 cm³”.
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(10) — In Schedule 3B (iron and steel products) —

in the heading to Part 2, for “Part 3” substitute “Part 2”;

after Part 3, insert the Part 4 which is set out in Schedule 1 to these Regulations.

(11) After Schedule 3B insert the Schedule 3BA which is set out in Schedule 2 to these Regulations.

~~(12) Schedule 3C (defence and security goods and defence and security technology) is amended in accordance with paragraphs (13) to (16).~~

~~(13) In Part 3, after paragraph 3 insert —~~

~~“Other related goods~~

~~**3A.** (1) Any goods within commodity codes 9303 and 9304 not covered by paragraphs 1 to 3 above.~~

~~(2) Paragraph 1 of Schedule 3 applies for the purposes of interpreting subparagraph (1).”~~

~~(14) Part 4 is amended in accordance with paragraphs (15) and (16).~~

~~(15) In entry 1C991 —~~

~~(a) in c.1 —~~

~~(i) for “1C351.d.3” substitute “1C351.d.1”;~~

~~(ii) for “1C351.d.6” substitute “1C351.d.3”;~~

~~(b) in c.2 —~~

~~(i) for “1C351.d.3” substitute “1C351.d.1”;~~

~~(ii) for “1C351.d.6” substitute “1C351.d.3”;~~

~~(c) in d.1, for “1C351.d.3” substitute “1C351.d.1”;~~

~~(d) in d.2, for “1C351.d.6” substitute “1C351.d.3”;~~

~~(e) in d.3 —~~

~~(i) for “1C351.d.3” substitute “1C351.d.1”;~~

~~(ii) for “1C351.d.6” substitute “1C351.d.3”.~~

~~(16) In entry 1C995 —~~

~~(a) in a.1, for “10” substitute “30”;~~

~~(b) in a.2, for “less than 30 per cent.” substitute “30 per cent. or less”;~~

~~(c) in the table in a.2.b, after “Ammonium hydrogen fluoride” insert “or ammonium bifluoride”;~~

~~(d) in b.1, for “the following concentrations of CWC Schedule 2” substitute “30 per cent. or less, by weight, of any single CWC Schedule 2”;~~

~~(e) omit b.1.a and b.1.b;~~

~~(f) in b.2, for “less than 30 per cent.” substitute “30 per cent. or less”;~~

~~(g) in c., for “precursor chemicals controlled by the following” substitute “the following precursor chemicals”;~~

~~(h) in the table in c. —~~

~~(i) after “Ammonium hydrogen fluoride” insert “or ammonium bifluoride”;~~

~~(ii) insert in the appropriate places the precursor chemicals specified in Schedule 3 to these Regulations.~~

~~(17) Schedule 3E (G7 dependency and further goods) is amended in accordance with paragraphs (18) to (20).~~

~~(18) In Part 2 —~~

~~(a) in paragraph 2, for “Any” substitute “Subject to paragraph 2A, any”;~~

~~(b) after paragraph 2 but before the table insert —~~

~~"2A. Goods coming within commodity codes 8703 23, 8703 24, 8703 32 and 8703 33 do not include ambulances."~~

~~(c) in the table, insert in the appropriate places the commodity codes and goods which are set out in Schedule 4 to these Regulations.~~

~~(19) In Part 3, insert in the appropriate places the commodity codes and goods which are set out in Schedule 5 to these Regulations.~~

~~(20) After Part 3, insert the Part 4 which is set out in Schedule 6 to these Regulations.~~

(21) Schedule 5 (Treasury licences: purposes) is amended in accordance with paragraphs (22) and (23).

(22) After Part 1 insert—

"PART 1ZA
Divestment etc.

Interpretation of Part 1ZA

9DA. In this Part—

"designated person", "frozen account" and "relevant institution" have the respective meanings given in regulation 58(7);

"Government of Russia" has the same meaning as in regulation 6;

"IOM entity" means a person, other than an individual, incorporate or constituted under the law of the Isle of Man;

"non-IOM country" means a country that is not the Isle of Man;

"non-IOM credit or financial institution" has the same meaning as in regulation 17A;

~~"non-UK country" means a country that is not the United Kingdom;~~

~~"non-UK credit or financial institution" has the same meaning as in regulation 17A;~~

"person concerned" means the Government of Russia or, as the case may be, a designated person;

~~"UK entity" means a person, other than an individual, incorporated or constituted under the law of any part of the United Kingdom.~~

Divestment

9DB. (1) To enable anything to be done by a ~~UK entity~~ **IOM entity** to enable that entity to undertake a relevant transfer.

(2) In sub-paragraph (1), a "relevant transfer" means a transfer of funds or economic resources located in Russia and owned, held or controlled by the ~~UK entity~~ **IOM entity**, to a person concerned in order to enable that entity to divest itself, either wholly or partially, of those funds or economic resources.

(3) Where sub-paragraph (4) applies, to enable anything to be done by a ~~UK entity~~ **IOM entity** in order to allow that entity to acquire from a person concerned an interest in that entity held by that person.

(4) This sub-paragraph applies where—

(a) the sole consideration for that acquisition is a transfer of funds from the ~~UK entity~~ **IOM entity** to the person concerned;

(b) such funds are credited to—

- (i) a frozen account held by a relevant institution; or
 - (ii) an account held by a ~~non-UK credit or financial institution~~ **non-IOM credit or financial institution** in a ~~non-UK country~~ **non-IOM country**; and
- (c) where paragraph (b)(ii) applies, the law of that ~~non-UK country~~ **non-IOM country**—
- (i) contains relevant—
 - (aa) prohibitions corresponding to those in Part 3 of these Regulations; and
 - (bb) exceptions corresponding to those in Part 7 of these Regulations; and
 - (ii) where relevant or appropriate, allows for licences to be granted on grounds corresponding to those in this Schedule.

Enabling others to divest themselves of funds or economic resources

9DC. (1) To enable anything to be done by a ~~UK entity~~ **IOM entity** in order to enable another person ("B") to undertake a relevant transfer.

(2) In sub-paragraph (1), a "relevant transfer" means a transfer of funds or economic resources located in Russia and owned, held or controlled by B, to a person concerned, in order to enable B to divest itself, either wholly or partially, of those funds or economic resources.

(3) Where sub-paragraph (4) applies, to enable anything to be done by a ~~UK entity~~ **IOM entity** in order to enable B to acquire from a person concerned an interest in B held by the person concerned.

(4) This sub-paragraph applies where—

- (a) the sole consideration for that acquisition is a transfer of funds from B to the person concerned;
 - (b) such funds are credited to—
 - (i) a frozen account held by a relevant institution; or
 - (ii) an account held by a ~~non-UK credit or financial institution~~ **non-IOM credit or financial institution** in a ~~non-UK country~~ **non-IOM country**; and
- (c) where paragraph (b)(ii) applies, the law of that ~~non-UK country~~ **non-IOM country**—
- (i) contains relevant—
 - (aa) prohibitions corresponding to those in Part 3 of these Regulations; and
 - (bb) exceptions corresponding to those in Part 7 of these Regulations; and
 - (ii) where relevant or appropriate, allows for licences to be granted on grounds corresponding to those in this Schedule."

(23) In Part 1C—

- (a) for the heading substitute "Processing payments";

(b) after paragraph 9T insert—

“Other licensing purposes

9TA. To enable anything to be done in connection with a licence which the Treasury has decided to issue for another purpose specified in this Schedule.”

~~(24)—Schedule 7 omits commodity codes and the descriptions of items associated with those codes.~~

Minor consequential amendments

- 23.** (1) In the provisions specified in paragraph (2), for “(correspondent banking relationships etc.)”, substitute “(corresponding banking relationships and processing payments)”.
- (2) Those provisions are—
~~regulation 5(1)(aa) and (1A)(b);~~
~~regulation 19A(3);~~
regulation 62A(1);
regulation 64(1); and
regulation 72(5)(c).
- (3) In the heading to Part 1B of Schedule 5, for “etc.” substitute “and processing payments”.

Anne-Marie Treveyan
Minister of State

12th December 2023

Foreign, Commonwealth and Development Office

SCHEDULE 1 [Omitted]	Regulation 22(10)
SCHEDULE 2 [Omitted]	Regulation 22(11)
SCHEDULE 3 [Omitted]	Regulation 22(16)(h)
SCHEDULE 4 [Omitted]	Regulation 22(18)(c)
SCHEDULE 5 [Omitted]	Regulation 22(19)
SCHEDULE 6 [Omitted]	Regulation 22(20)
SCHEDULE 7 [Omitted]	Regulation 22(24)

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under the Sanctions and Anti-Money Laundering Act 2018 (c. 13) to amend the Russia (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/855) (“the 2019 Regulations”).

Regulation 3 amends the prohibitions relating to processing payments to provide that these apply to processing a payment in any currency which is received by a UK credit or financial institution but do not apply to the initial crediting of a payment to an account which is in the name of the credit or financial institution but not in the name of a customer of that credit or financial institution.

Regulation 4 amends existing definitions of certain products, both to add exclusions in relation to certain products where they fall within Schedule 2 to the Export Control Order 2008 (“the 2008 Order”) (S.I. 2008/3231) or Annex 1 of the Dual-Use Regulation¹⁴ and to remove exclusions relating to certain products where they fall within Schedule 3 to the 2008 Order.

Regulation 5 extends the prohibitions relating to trade in luxury goods and regulation 9 amends the exceptions to those prohibitions consequentially.

Regulation 6 makes minor amendments to the prohibitions relating to relevant processed iron and steel products. Certain iron and steel products to which the prohibitions in Chapter 4C of Part 5 to the 2019 Regulations are to apply are added by regulation 22(10) and Schedule 1.

¹⁴ Council Regulation (EC) No 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items;

New prohibitions relating to trade in certain metals are created by regulations 7 and 22(11) and Schedule 2.

Regulation 8 amends the exceptions relating to the prohibition on processing payments in regulation 17A(2) of the 2019 Regulations.

Regulation 10 creates new exceptions to the prohibitions on G7 dependency and further goods and expands those for luxury goods where these relate to consumer communication devices and software updates.

Regulations 11 to 13 create exceptions for iron and steel products, relevant processed iron and steel products and metals where they were exported from Russia before the prohibition come into force or where they are already in free circulation in the United Kingdom.

Regulation 14 expands the exceptions from the prohibitions on G7 dependency and further goods in the case of emergencies.

Regulations 15 and 22(22) allow the Treasury to grant licences for certain activities carried out by a UK entity in order to divest itself of assets where those assets are subject to a sanction under the 2019 Regulations.

Regulation 16 creates new reporting obligations to be imposed on relevant firms in relation to funds and economic resources held by them for prohibited persons (as defined by the amendment contained in that regulation).

Regulation 17 creates new reporting obligations on designated persons themselves, regulation 18 prescribes the criminal penalty for breach of those obligations, regulation 20 provides that those obligations are to be regarded as not being financial sanctions legislation for the purposes of Part 8 of the Policing and Crime Act 2017 (c. 3) and regulation 21 allows the Treasury to impose civil monetary penalties for breaches of those obligations.

Regulation 19 prescribes offences created by these Regulations, the suspected commission of which may be referred to His Majesty's Revenue and Customs for investigation.

Regulation 22—

- makes changes to the products covered by the prohibitions on trade in critical-industry goods and critical industry technology (paragraphs (2) to (8)), luxury goods (paragraph (9)), defence and security goods and defence and security technology (paragraphs (12) to (16) and Schedule 3) and G7 dependency and further goods (paragraphs (17) to (20)) and Schedules 4, 5 and 6);
- creates an additional ground on which the Treasury may licence the processing of payments which would otherwise be prohibited by regulation 17A(2) of the 2019 Regulations (paragraph (23));
- omits certain commodity codes and the associated descriptions (paragraph (24) and Schedule 7).

Minor consequential amendments on that made in regulation 3(2) are made by regulation 23.

A full impact assessment of the effect that this instrument will have on the costs of business, the voluntary sector and the public sector has been published alongside these Regulations and is available from legislation.gov.uk or from the Foreign, Commonwealth and Development Office, King Charles Street, London SW1A 2AH.

STATUTORY INSTRUMENTS

2023 No. 1367

SANCTIONS

The Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2023

<i>Made</i>	- - - -	<i>12th December 2023</i>
<i>Laid before Parliament</i>		<i>14th December 2023</i>
<i>Coming into force</i>		<i>1st January 2024</i>

The Secretary of State¹⁵, considering that the condition in section 45(2) of the Sanctions and Anti-Money Laundering Act 2018¹⁶ is met, makes the following Regulations in exercise of the powers conferred by sections 1, 5, 15(2)(a) and (b), 17, 45(1)(b) and 54(1) and (2) of, and paragraphs 3(a) and (b), 4(c), 7(b), 13(c), (i), (q) and (w) and 17(d) and 20 of Schedule 1 to, that Act.

Citation and commencement

1. (1) These Regulations may be cited as the Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2023.

~~(2) — These Regulations come into force on 1st January 2024.~~

Amendment of the Russia (Sanctions) (EU Exit) Regulations 2019

2. The Russia (Sanctions) (EU Exit) Regulations 2019¹⁷, as they have effect in the Island¹⁸, are amended as set out in regulations 3 to 7.

Insertion of new Chapter 4JB (diamonds and diamond jewellery)

3. After regulation 46Z16I insert—

¹⁵ The power to make regulations under Part 1 of the Sanctions and Anti-Money Laundering Act 2018 (c.13) is conferred on an appropriate Minister. Section 1(9)(a) of the Act defines an “appropriate Minister” as including the Secretary of State.

¹⁶ 2018 c. 13. Sections 1(5) and 15 are amended by the Economic Crime and Corporate Transparency Act 2023 (c. 56) (“the 2023 Act”), section 35(2) and (5). Sections 1 and 45 are amended by the Economic Crime (Transparency and Enforcement) Act 2022 (c. 10), sections 57 and 62. Section 17(5)(b)(i) (enforcement) is amended by the Sentencing Act 2020 (c. 17), Schedule 24, paragraph 443(1). Section 17(9)(a) is amended by the 2023 Act, section 214(3).

¹⁷ S.I. 2019/855 as amended by S.I. 2020/590 and 951, S.I. 2022/123, 194, 195, 203, 205, 241, 395, 452 and 477 and S.I. 2023/440; 665, 713 and 1364; and by the Sentencing Act 2020 (c. 17).

¹⁸ SI 2019/855, as amended by SI 2020/590 and SI 2020/951, was applied to the Island by SD 2020/0504. SI 2019/855 has subsequently been amended by SI 2022/194, which was applied to the Island by SD 2022/0098, SI 2022/195, which was applied to the Island by SD 2022/0098, SI 2022/203, which was applied to the Island by SD 2022/0101, SI 2022/205, which was applied to the Island by SD 2022/0102, SI 2022/241, which was applied to the Island by SD 2022/0117, SI 2022/395, which was applied to the Island by SD 2022/0139, SI 2022/452, which was applied to the Island by SD 2022/0161, SI 2022/477, which was applied to the Island by SD 2022/0168, SI 2022/792, which was applied to the Island by SD 2022/0238, SI 2022/801, which was applied to the Island by SD 2022/0240, SI 2022/814, which was applied to the Island by SD 2022/0240, SI 2022/818, which was applied to the Island by SD 2022/0250, SI 2022/850, which was applied to the Island by SD 2022/0245, SI 2022/1110, which was applied to the Island by SD 2022/0304, SI 2022/1122, which was applied to the Island by SD 2022/0321, SI 2022/1331, which was applied to the Island by SD 2022/0346 and SD 2023/0136, SI 2023/440, which was applied to the Island by SD 2023/0157, SI 2023/665 which was applied to the Island by SD 2023/0200 and SI 2023/713, which was applied to the Island by SD 2023/0200.

CHAPTER 4JB
Diamonds and diamond jewellery

Interpretation

46Z16J. In this Chapter—

“diamonds” means any thing specified in Part 2 of Schedule 3GA;

“diamond jewellery” means any thing specified in Part 3 of Schedule 3GA;

“third country” means a country which is not the United Kingdom, the Isle of Man or Russia.

Import of diamonds and diamond jewellery

46Z16K. (1) The import of diamonds and diamond jewellery which are consigned from Russia is prohibited.

(2) The import of diamonds and diamond jewellery which originate in Russia is prohibited.

(3) Paragraphs (1) and (2) are subject to Part 7 (Exceptions and licences).

Acquisition of diamonds and diamond jewellery

46Z16L. (1) A person must not directly or indirectly acquire diamonds or diamond jewellery which—

(a) originate in Russia; or

(b) are located in Russia.

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

(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but—

(a) it is a defence for a person charged with the offence of contravening paragraph (1)(a) to show that the person did not know and had no reasonable cause to suspect that the goods originated in Russia;

(b) it is a defence for a person charged with the offence of contravening paragraph (1)(b) to show that the person did not know and had no reasonable cause to suspect that the goods were located in Russia.

Supply and delivery of diamonds and diamond jewellery

46Z16M. (1) A person must not directly or indirectly supply or deliver diamonds or diamond jewellery from a place in Russia to a third country.

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

(3) A person who contravenes a prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with the offence of contravening paragraph (1) to show that the person did not know and had no reasonable cause to suspect that the supply or delivery was from a place in Russia, whether directly or indirectly.

Technical assistance relating to diamonds and diamond jewellery

46Z16N. (1) A person must not directly or indirectly provide technical assistance relating to—

- (a) the import of diamonds or diamond jewellery which—
 - (i) originate in Russia, or
 - (ii) are consigned from Russia;
 - (b) the direct or indirect acquisition of diamonds or diamond jewellery which—
 - (i) originate in Russia, or
 - (ii) are located in Russia; or
 - (c) the direct or indirect supply or delivery of diamonds or diamond jewellery from a place in Russia to a third country.
- (2) Paragraph (1) is subject to Part 7 (Exceptions and licences).
- (3) A person who contravenes a prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with an offence of contravening—
- (a) paragraph (1)(a) to show that the person did not know and had no reasonable cause to suspect that the technical assistance related to an import described in that paragraph;
 - (b) paragraph (1)(b) to show that the person did not know and had no reasonable cause to suspect that the technical assistance related to an acquisition described in that paragraph;
 - (c) paragraph (1)(c), to show that the person did not know and had no reasonable cause to suspect that the technical assistance related to a supply or delivery described in that paragraph.

Financial services and funds relating to diamonds and diamond jewellery

46Z16O. (1) A person must not directly or indirectly provide financial services or funds in pursuance of or in connection with an arrangement whose object or effect is—

- (a) the import of diamonds or diamond jewellery which—
 - (i) originate in Russia, or
 - (ii) are consigned from Russia;
 - (b) the direct or indirect acquisition of diamonds or diamond jewellery which—
 - (i) originate in Russia, or
 - (ii) are located in Russia; or
 - (c) the direct or indirect supply or delivery of diamonds or diamond jewellery from a place in Russia to a third country.
- (2) Paragraph (1) is subject to Part 7 (Exceptions and licences).
- (3) A person who contravenes a prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with the offence of contravening that paragraph to show that the person did not know and had no reasonable cause to suspect that the financial services or funds (as the case may be) were provided in pursuance of or in connection with an arrangement mentioned in that paragraph.

Brokering services relating to diamonds and diamond jewellery

46Z16P. (1) A person must not directly or indirectly provide brokering services in relation to any arrangements described in regulation 46Z16O(1).

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

- (3) A person who contravenes a prohibition in paragraph (1) commits an offence, but it is a defence for a person charged with the offence of contravening that paragraph to show that the person did not know and had no reasonable cause to suspect that the brokering services were provided in relation to an arrangement mentioned in that paragraph.”.

Amendment of regulation 60A (trade: exceptions in relation to personal effects etc.)

4. (1) Regulation 60A is amended as follows.
- (2) In paragraph (1D)—
- (a) for “Chapter 4JA” substitute “Chapters 4JA and 4JB”;
- (b) after “gold jewellery” wherever those words occur insert “or diamond jewellery”.
- (3) In paragraph (2), insert in the appropriate place—
- ““diamond jewellery” has the meaning given in regulation 46Z16J (interpretation of Chapter 4JB);”.

Insertion of regulation 60GC (trade: exception in respect of the acquisition of diamonds and diamond jewellery)

5. After regulation 60GB insert—

“Trade: exception in respect of the acquisition of diamonds and diamond jewellery

- 60GC.** (1) The prohibitions specified in paragraph (2) do not apply in relation to diamonds and diamond jewellery located in the United Kingdom or the Isle of Man having been lawfully imported there.
- (2) The prohibitions specified in this paragraph are those in—
- (a) regulation 46Z16L(1) (acquisition of diamonds and diamond jewellery);
- (b) regulation 46Z16N(1)(b) (technical assistance relating to diamonds and diamond jewellery);
- (c) regulation 46Z16O(1)(b) (financial services and funds relating to diamonds and diamond jewellery);
- (d) regulation 46Z16P(1) (brokering services relating to diamonds and diamond jewellery) insofar as it relates to the prohibition at regulation 46Z16O(1)(b).
- (3) In this regulation, “diamonds” and “diamond jewellery” have the meanings given in regulation 46Z16J (interpretation of Chapter 4JB).”

Amendment of regulation 85 (trade enforcement: application of CEMA)

- ~~6. In regulation 85(3B), after sub-paragraph (f) insert—~~
- ~~“(ra) regulation 46Z16L(3) insofar as the acquisition does not relate to the import of diamonds or diamond jewellery;~~
- ~~(rb) regulation 46Z16M(3);~~
- ~~(rc) regulation 46Z16N(3) insofar as it relates to the prohibitions at regulation 46Z16N(1)(b) and (c);~~
- ~~(rd) regulation 46Z16O(3) insofar as it relates to the prohibitions at regulation 46Z16O(1)(b) and (c);~~

(re) regulation 46Z16P(3) insofar as the brokering services provided relate to any arrangements described in regulation 46Z16O(1)(b) or (c);”.

Amendment and insertion of Schedules

~~7.~~ (1) In Schedule 3DA (Schedule 3DA revenue generating goods), in the table in Part 3, for the respective entries in columns 1 and 2 relating to commodity code 7104 substitute—

“(1) Commodity code	“(2) Description
7104 10	Piezoelectric quartz
7104 29	Synthetic or reconstructed precious or semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded synthetic or reconstructed precious or semi-precious stones, temporarily strung for convenience of transport; other unworked or simply sawn or roughly shaped
7104 99	Synthetic or reconstructed precious or semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded synthetic or reconstructed precious or semi-precious stones, temporarily strung for convenience of transport; other”

(2) After Schedule 3G insert Schedule 3GA (diamonds and diamond jewellery) which is set out in the Schedule to these Regulations.

12th December 2023

Anne-Marie Trevelyan
Minister of State
Foreign, Commonwealth and Development Office

SCHEDULE Regulation 7(2)

[Omitted]

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under the Sanctions and Anti-Money Laundering Act 2018 (c. 13) to amend the Russia (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/855).

In particular, these Regulations create prohibitions on the import, acquisition and supply and delivery of diamonds and diamond jewellery (as defined in the Schedule inserted by regulation 7(2)) which are located, originate in or are consigned from Russia and on the provision of ancillary services relating to those prohibitions (regulation 3). Regulations 4 and 5 create certain exceptions to those prohibitions.

Regulation 6 prescribes which of the offences created by the amendments at regulation 3 of these Regulations, may be referred to His Majesty’s Revenue and Customs for investigation.

Regulation 7(1) makes consequential amendments to the list of Schedule 3DA revenue generating goods.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen. Instead, a de minimis assessment has been prepared as this instrument is likely to entail some costs for businesses but the net impact is estimated to be below £5 million per year.

ENDNOTES

Table of Endnote References

¹ The format of this legislation has been changed as provided for under section 75 of, and paragraph 2 of Schedule 1 to, the Legislation Act 2015. The changes have been approved by the Attorney General after consultation with the Clerk of Tynwald as required by section 76 of the Legislation Act 2015.