
TO : Regulated Entities

- i. CIFs
- ii. ASPs
- iii. UCITS Management Companies
- iv. Internally managed UCITS
- v. AIFMs
- vi. Internally managed AIFs
- vii. Internally managed AIFLNP
- viii. Companies with sole purpose the management of AIFLNP
- ix. Crypto Asset Service Providers
- x. Small AIFMs under Law 81(I)/2020

FROM : Cyprus Securities and Exchange Commission

DATE : 7 November 2025

CIRCULAR NO. : C737

SUBJECT : EU Council's Restrictive Measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine – 19th package

The Cyprus Securities and Exchange Commission (the 'CySEC') reminds the Regulated Entities that on October 23rd the European Council adopted the [19th package](#) of Restrictive Measures against Russia, with further individual listings and numerous economic restrictive measures targeting key sectors of Russia, including energy, finance and the military industrial complex.

CySEC wishes to draw the attention of the Regulated Entities to the inclusion of the definitions of '**owning**' and '**controlling**' a legal person, entity or body in Article 1 of Regulation (EU) 269/2014. While the EU Commission has previously provided guidance and best practices on the concepts of ownership and control, the definitions are now set out explicitly in the said regulation.

The term '**owning**' is defined as **being in possession of 50% or more of the proprietary rights of a legal person, entity, or body, or having a majority interest therein**. Therefore, apart from the 50% rule, the notion 'having majority interest therein' must be assessed for business relationships with designated persons. **Majority shareholding/interest** occurs when a

designated person is the largest shareholder of an entity compared to the other shareholders (for example, the designated person has 40% shareholding interest in the entity, whereas the other three shareholders each have 20% of the remaining shares).

When defining the term ‘**controlling**’, a non-exhaustive list of factors to be taken into account in assessing whether a legal person, entity, or body is controlled by a designated person is set out, such as **having the right or power to appoint a majority of the members of management, controlling the majority of voting rights or having the right (legally or de facto) to exercise a dominant influence over the entity**. However, the list is not exhaustive, the ‘control’ of an entity may also be established by other means.

If a designated person is deemed to own a legal person, entity, or body (directly or indirectly through intermediary companies, either in possession of 50% or more of the proprietary rights or having a majority interest therein) or deemed to control a legal person, entity, or body (after assessing the non-exhaustive list of factors to be taken into account), all funds or economic resources of that legal person, entity, or body (and its subsidiaries) shall be frozen and no funds or economic resources shall be made available to or for the benefit of the designated person, in accordance with Article 2 of Regulation (EU) 269/2014.

The definitions of ‘owning’ and ‘controlling’ a legal person, entity or body, as included in Article 1 of Regulation (EU) 269/2014, via [Regulation \(EU\) 2025/2037](#), are quoted below:

Article 1 of Regulation (EU) 2025/2037:

Regulation (EU) No 269/2014 is amended as follows:

(1) in Article 1, the following points are added:

- ‘(i) “owning” a legal person, entity or body means being in possession of 50 % or more of the proprietary rights of a legal person, entity or body, or having a majority interest therein;*
- (j) “controlling” a legal person, entity or body means, but is not limited to:*
 - (i) having the right or exercising the power to appoint or remove a majority of the members of the administrative, management or supervisory body of a legal person, entity or body;*
 - (ii) having appointed solely as a result of the exercise of one’s voting rights a majority of the members of the administrative, management or supervisory bodies of a legal person, entity or body who have held office during the present and previous financial year;*
 - (iii) controlling alone, pursuant to an agreement with other shareholders in or members of a legal person, entity or body, a majority of shareholders’ or members’ voting rights in that legal person, entity or body;*

- (iv) *having the right to exercise a dominant influence over a legal person, entity or body, pursuant to an agreement entered into with that legal person, entity or body or to a provision in its Memorandum or Articles of Association, where the law governing that legal person, entity or body permits its being subject to such agreement or provision;*
- (v) *having the power to, de facto, exercise the right to exercise a dominant influence referred to in point (iv), without being the holder of that right;*
- (vi) *having the right to use all or part of the assets of a legal person, entity or body;*
- (vii) *managing the business of a legal person, entity or body on a unified basis, while publishing consolidated accounts; or*
- (viii) *sharing jointly and severally the financial liabilities of a legal person, entity or body, or guaranteeing them.'*

CySEC further wishes to draw the attention of the Regulated Entities to the amended paragraph 2 of Article 5b and new Article 5ah of Regulation (EU) 833/2014, via [Regulation \(EU\) 2025/2033](#), as quoted below:

Article 1 of Regulation (EU) 2025/2033:

Regulation (EU) No 833/2014 is amended as follows:

«Article 5b is amended as follows:

(a) paragraph 2 is replaced by the following:

'2. It shall be prohibited to provide, directly or indirectly, the following services to Russian nationals or natural persons residing in Russia, or to legal persons, entities or bodies established in Russia:

- (a) crypto-asset services, as defined in Regulation (EU) 2023/1114;*
- (b) issuing of payment instruments, acquiring of payment transactions, or payment initiation services, as defined in Directive (EU) 2015/2366;*
- (c) issuing of electronic money, as defined in Directive 2009/110/EC of the European Parliament and of the Council (*).»*

«Article 5ah

1. It shall be prohibited to:

- (a) acquire any new or extend any existing participation in ownership or control of any legal person, entity or body which is registered as a resident of, or whose registered office, principal place of business, or permanent establishment is located within, the special economic, innovation or preferential zones of the Russian Federation listed in Part A or B of Annex LII;*

(b) create any new joint venture, branch, or representative office in the special economic, innovation or preferential zones listed in Part A or B of Annex LII, or with a legal person, entity or body referred to in point (a);

(c) enter into any new contract or arrangement for the supply of goods or services, or of related intellectual property rights or trade secrets to, from, or for use in the special economic, innovation or preferential zones listed in Part A or B of Annex LII, or with a legal person, entity or body referred to in point (a).

2. It shall be prohibited, as of 25 January 2026, to:

(a) maintain any existing participation in ownership or control of any legal person, entity or body which is formally registered as a resident of, or the registered office, principal place of business, or permanent establishment of which is located within, the special economic, innovation or preferential zones of the Russian Federation listed in Part A of Annex LII;

(b) maintain any existing joint venture, branch, or representative office in the special economic, innovation or preferential zones listed in Part A of Annex LII, or with a legal person, entity or body referred to in point (a);

(c) maintain any existing contract or arrangement for the supply of goods or services, or of related intellectual property rights or trade secrets to, from, or for use in the special economic, innovation or preferential zones listed in Part A of Annex LII, or with a legal person, entity or body referred to in point (a).

3. It shall be prohibited to:

(a) grant, or be part of any arrangement to grant, any loan or credit or otherwise provide financing, including equity capital, to a legal person, entity or body referred to in paragraph 1 or 2, or for the documented purpose of financing such a legal person, entity or body;

(b) provide investment services directly related to the activities referred to in point (a) or in paragraph 1 or 2.

4. The prohibitions in paragraphs 1, 2 and 3 shall also apply to any legal person, entity or body outside the special economic, innovation or preferential zones listed in Annex LII that is owned or controlled by a legal person, entity or body referred to in paragraph 1 or 2.

5. Paragraphs 1 to 4 shall not apply to:

(a) activities necessary for public health emergencies, the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment, or as a response to natural disasters;

(b) activities strictly necessary for the direct or indirect purchase, import or transport of natural gas, titanium, aluminium, copper, nickel, palladium or iron ore from or through Russia into the Union, a country member of the European Economic Area, Switzerland, or the Western Balkans;

(c) unless prohibited under Article 3m or 3n, activities strictly necessary for the direct or indirect purchase, import or transport of oil, including refined petroleum products, from or through Russia;

(d) activities necessary for the purchase, import or transfer of seaborne crude oil and of petroleum products listed in Annex XXV where those goods originate in a third country and are only being loaded in, departing from or transiting through Russia, provided that both the origin and the owner of those goods are non-Russian.

6. Paragraphs 1 and 3 and, where otherwise applicable, paragraph 4, shall not apply to the execution until 25 January 2026 of contracts concluded before 24 October 2025, or of ancillary contracts necessary for the execution of such contracts.

7. By way of derogation from paragraphs 1 to 4, the competent authorities may authorise, under such conditions as they deem appropriate, activities which are strictly necessary for:

(a) humanitarian purposes, such as delivering or facilitating the delivery of assistance, including medical supplies, food, or the transfer of humanitarian workers and related assistance, or for evacuations;

(b) research, development or manufacturing of pharmaceutical, medical, agricultural or food products, including wheat and fertilisers the import, purchase and transport of which is allowed under this Regulation;

(c) ensuring access to judicial, administrative or arbitral proceedings in a Member State, as well as for the recognition or enforcement of a judgement or an arbitration award rendered in a Member State, if such transactions are consistent with the objectives of this Regulation and those of Regulation (EU) No 269/2014;

(d) divestment and withdrawal from Russia or the wind-down of business activities in Russia;

(e) the provision of electronic communication services by Union telecommunication operators necessary for the operation, maintenance and security, including cybersecurity, of electronic communication services, in Russia, in Ukraine, in the Union, between Russia and the Union, and between Ukraine and the Union, and for data centre services in the Union.’;»

Regarding the amended paragraph 2 of Article 5b, it is prohibited to provide, directly or indirectly, crypto-asset services, issuing of payment instruments, acquiring of payment transactions or payment initiation services, and issuing of electronic money to Russian nationals or natural persons residing in Russia, or to legal persons, entities or bodies established in Russia. It is further noted that the same prohibition is also applicable for Belarusian nationals or natural persons residing in Belarus, or to legal persons, entities or bodies established in Belarus, through the amended Article 1u(2) of Regulation (EC) No 765/2006, via [Regulation \(EU\) 2025/2041](#).

Regarding the introduction of Article 5ah, paragraph 1 prohibits the acquisition of any new or the extension of any existing participation in ownership or control of any legal person, entity or body which is registered as a resident of, or whose registered office, principal place of business, or permanent establishment is located within, the special economic, innovation or preferential zones of the Russian Federation listed in Part A or B of Annex LII. It further prohibits the creation of any new joint venture, branch, or representative office, or enter into any new contract or arrangement for the supply of goods or services, or of related intellectual property rights or trade secrets to, from, or for use in these special economic zones. Paragraph 2 further prohibits, as of 25 January 2026, the maintenance of the above existing arrangements, while paragraph 3(b) prohibits the provision of investment services directly related to the activities referred above. Paragraph 4 states that the above prohibitions are also applicable to any legal person, entity or body outside the special economic, innovation or preferential zones listed in Annex LII that is owned or controlled by a legal person, entity or body referred to in paragraphs 1 or 2.

The Regulated Entities, which have business relationships that are affected by the prohibitions of paragraph 2 of Article 5ah, are requested to inform CySEC within one month, at the latest, at the email address eu.sanctions@cysec.gov.cy, by providing data/information of the affected business relationships and the applicable actions/measures taken or intended to be taken by the Regulated Entity for compliance with paragraph 2 of Article 5ah.

CySEC further calls the Regulated Entities to take into account the above changes, always in combination with the [EU Best Practices](#) and the [Commission Consolidated FAQs](#), and implement targeted measures to comply effectively. The Regulated Entities are also called to review all the changes brought by the 19th package of Restrictive Measures and proceed with relevant actions accordingly.

Sincerely,

Dr George Theocharides
Chairman, Cyprus Securities and Exchange Commission