
TO : **Regulated Entities**

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FROM : **Cyprus Securities and Exchange Commission**

DATE : **15 June 2022**

CIRCULAR NO. : **C517**

SUBJECT : **EU Council's Restrictive Measures against Russia due to its military aggression against Ukraine – EU adopts sixth package of sanctions**

Further to Circulars [C489](#), [C501](#) and [C511](#), the Cyprus Securities and Exchange Commission ('CySEC') wishes to draw the attention of the Regulated Entities to the [additional restrictive measures](#) of the Council of the European Union ('EU Council'), dated 3 June 2022, imposed against Russia due to its military aggression against Ukraine.

The said restrictive measures, namely COUNCIL REGULATION (EU) 2022/879 of 3 June 2022, amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, provides for amendments on existing prohibitions, as well as the introduction of new prohibitions. The following articles have been amended/introduced, inter alia:

a) Article 5m (replaced by the following):

"1. It shall be prohibited to register, provide a registered office, business or administrative address as well as management services to, a trust or any similar legal arrangement having as a trustor or a beneficiary:

(a) Russian nationals or natural persons residing in Russia;

(b) legal persons, entities or bodies established in Russia; 3.6.2022 EN Official Journal of the European Union L 153/59

(c) legal persons, entities or bodies whose proprietary rights are directly or indirectly owned for more than 50 % by a natural or legal person, entity or body referred to in points (a) or (b);
(d) legal persons, entities or bodies controlled by a natural or legal person, entity or body referred to in points (a), (b) or (c);
(e) a natural or legal person, entity or body acting on behalf or at the direction of a natural or legal person, entity or body referred to in points (a), (b), (c) or (d).

2. It shall be prohibited as of 5 July 2022 to act as, or arrange for another person to act as, a trustee, nominee shareholder, director, secretary or a similar position, for a trust or similar legal arrangement as referred to in paragraph 1.

3. Paragraphs 1 and 2 shall not apply to the operations that are strictly necessary for the termination by 5 July 2022 of contracts which are not compliant with this Article concluded before 9 April 2022 or of ancillary contracts necessary for the execution of such contracts.

4. Paragraphs 1 and 2 shall not apply when the trustor or beneficiary is a national of a Member State or a natural person having a temporary or permanent residence permit in a Member State.

5. By way of derogation from paragraph 2, the competent authorities may authorise, under such conditions as they deem appropriate, the services referred to in paragraph 2 to continue beyond 5 July 2022, for:

(a) the completion by 5 September 2022 of operations strictly necessary for the termination of contracts referred to in paragraph 3, provided that such operations were initiated before 11 May 2022; or

(b) other reasons, provided that the service providers do not accept from, or make available to, the persons referred to in paragraph 1 any funds or economic resources, directly or indirectly, or otherwise provide such persons with any benefit from assets placed in a trust.

6. By way of derogation from paragraphs 1 and 2, the competent authorities may authorise the services referred to in those paragraphs, under such conditions as they deem appropriate, after having determined that this is 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) civil society activities that directly promote democracy, human rights or the rule of law in Russia;
or

(c) the operation of trusts whose purpose is the administration of occupational pension schemes, insurance policies or employee share scheme, charities, amateur sports clubs, and funds for minors or vulnerable adults.

7. The Member State concerned shall inform the Commission of any authorisation granted under paragraph 5 or 6 within two weeks of such authorisation.’;”

It is emphasized that paragraph 2 of Article 5m was amended to prohibit as of 5 July 2022 to act as, or arrange for another person to act as, a trustee, nominee shareholder, director, secretary or

a similar position, for a trust or similar legal arrangement as referred to in paragraph 1 of Article 5m. Furthermore, Article 5m provides for exemptions and derogations from paragraphs 1 and 2 under certain conditions.

It is noted that, a [list](#) of “trusts and similar legal arrangements” governed under the law of the EU Member States is included in the Official Journal of the European Union.

b) Article 3m (new):

“1. It shall be prohibited to purchase, import or transfer, directly or indirectly, crude oil or petroleum products, as listed in Annex XXV, if they originate in Russia or are exported from Russia.

2. It shall be prohibited to provide, directly or indirectly, technical assistance, brokering services, financing or financial assistance or any other services related to the prohibition in paragraph 1.

[...]”

It is highlighted that paragraph 2 of Article 3m introduces the prohibition for not providing, directly or indirectly, technical assistance, brokering services, financing or financial assistance or any other services related to the prohibition in paragraph 1 of Article 3m. Furthermore, Article 3m provides for exemptions and derogations from paragraphs 1 and 2 under certain conditions.

c) Article 5n (new):

“1. It shall be prohibited to provide, directly or indirectly, accounting, auditing, including statutory audit, bookkeeping or tax consulting services, or business and management consulting or public relations services to: (a) the Government of Russia; or (b) legal persons, entities or bodies established in Russia.

[...]”

It is highlighted that, Article 5n provides for exemptions and derogations from paragraph 1 under certain conditions.

Considering points (a), (b) and (c) above, all Regulated Entities that are affected by the said restrictive measures are expected to inform CySEC by **Tuesday, 21 June 2022**, at the latest, using the email address aml@cysec.gov.cy, regarding the **appropriate actions/measures taken or intended to be taken by the Regulated Entity for compliance with Articles 5m, 5n and 3m, if applicable.**

Additionally, it is reminded that the obligation of the Regulated Entities to report to CySEC the existence of business relationships with persons or entities subject to the EU Council's Restrictive Measures against Russia due to its military aggression against Ukraine, constitutes a **continuous obligation** and requires compliance for both existing EU Council's Restrictive Measures, and those

which may be imposed in the future against Russia for its military aggression against Ukraine, according to Circular [C489](#).

Finally, CySEC reminds the Regulated Entities to continuously monitor the Section entitled "Sanctions/Restrictive Measures" on CySEC's website and the EU Council's website for guidance on the implementation of EU Council's Restrictive Measures, including relevant [FAQs](#), which are continuously updated.

Sincerely,

Dr. George Theocharides
Chairman, Cyprus Securities and Exchange Commission