



INTEGRITES

UKRAINIAN SANCTIONS

GENERAL GUIDANCE

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INTRODUCTION

In 2014, the Russian Federation temporarily occupied the Autonomous Republic of Crimea, the city of Sevastopol, as well as parts of the Donetsk and Luhansk regions. Ukraine, realising the need for an immediate and effective response to existing and potential threats to its national interest and security, adopted its key sanctions document – the Law of Ukraine “On Sanctions” (hereinafter – **Law**). Since then, especially subsequent to Russia's full-scale invasion of Ukraine in February 2022, the Law and sanctions legislation as a whole have been significantly amended and expanded.

The Law defines the grounds for sanctions, the bodies authorised to initiate and impose sanctions, the types of sanctions, the procedure for imposing sanctions, as well as other peculiarities of Ukrainian sanctions and their implementation.

Today, Ukrainian authorities are not only actively implementing sanctions in Ukraine but are also taking measures to introduce similar sanctions in other countries and, accordingly, to align them at the global level.

RESOLUTIONS

of the United Nations General Assembly and Security Council



DECISIONS AND REGULATIONS

of the Council of the European Union



VIOLATIONS

of the Universal Declaration of Human Rights and the Charter of the United Nations



ACTIONS OF

- foreign state
- foreign legal entity
- legal entity controlled by a foreign legal entity
- individual (non-resident of Ukraine / foreigner / stateless person)
- person engaged in terrorist activities
- other persons



THAT

- create real and/or potential threats to Ukraine / foreign state
- promote terrorist activities
- violate human and civil rights and freedoms, the interests of society, the state, and/or foreign legal entity
- result in the following:
 - a) occupation of territory
 - b) expropriation or restriction of ownership right
 - c) property loss
 - d) creation of obstacles for sustainable economic development, free exercise of the rights and freedoms of Ukrainian, or foreign nationals

NB! The Law establishes different grounds for such type of sanction as forfeiture of assets in favour of Ukraine (please see [Section III](#)).

II. TYPES OF SANCTIONS

Sanctions can apply to (1) named individuals and entities (**individual sanctions**) as well as to (2) specified states or an unspecified number of persons engaged in a particular type of activity (**sectoral sanctions**).

The list of sanction types is non-exhaustive, and Ukraine can apply any sanctions that are required in a given situation. In particular, the Law outlines the following indicative list of sanctions types.

Assets

- asset freeze
- forfeiture of assets
- prohibition on participating in privatisation, leasing of state property by foreign residents and persons directly or indirectly controlled by the residents or acting in their interests
- prohibition on acquiring ownership of land plots
- prohibition on increasing a share of charter capital in legal entities in which a resident of a foreign state, a foreign state, or a legal entity (in which a non-resident or a foreign state is a participant) owns 10 per cent or more of the charter capital or has an influence on the management of the legal entity or its activities

Logistic

- restriction or suspension of transit of resources, flights and transport through the territory of Ukraine
- prohibition or restriction of (1) entry of foreign non-military vessels and warships into the territorial sea of Ukraine, its inland waters, ports; and (2) entry of aircraft into the airspace of Ukraine or landing on the territory of Ukraine

Business activity

- prohibition of activity in Ukrainian territory
- suspension of economic and financial obligations
- restrictions on trading operations
- cancellation or suspension of licences and other permits required to carry out a specific type of activity
- introduction of additional measures in the field of environmental, sanitary, phytosanitary and veterinary control
- termination of trade agreements, joint projects and industrial programmes in certain areas, in particularly in security and defence sector
- prohibition on public and defence procurement of goods, works, and services from (1) legal entities resident in and owned by a foreign state and (2) legal entities with a share of their authorised capital that is owned by a foreign state, as well as public and defence procurement from other business entities selling goods, works, and services originating from a foreign state on which sanctions have been imposed in accordance with the Law

Visits

- refusal to grant, and cancellation of, visas to residents of foreign countries, application of other prohibitions on entry into Ukrainian territory
- cancellation of official visits, meetings, and negotiations on the conclusion of contracts or agreements
- refusal to grant or cancellation of an immigration permit, permanent or temporary residence permit in Ukraine
- forced return or forced expulsion from Ukraine

Finance and investment

- preventing the withdrawal of capital from Ukraine
- full or partial prohibition on transactions with securities issued by persons subject to sanctions under the Law
- prohibition on the issuing permits and licences by the National Bank of Ukraine for investment in a foreign country, placing currency values on accounts and deposits in a foreign country
- termination of the issuance of permits and licences for importation into Ukraine from a foreign country or the exportation from Ukraine of currency valuables and restriction of cash withdrawals using payment cards issued by residents of a foreign country
- prohibition of registration by the National Bank of Ukraine of a participant in an international payment system whose payment organisation is a resident of a foreign state

Digital

- prohibition on the use of the radio frequency spectrum in Ukraine
- restriction on or termination of the provision of electronic communication services and use of electronic communication networks

Information & media

- prohibition on media distribution in Ukrainian territory
- prohibition on demonstration and the use of symbols associated with terrorist organisations and groups, propaganda disseminating ideas and programme goals of such organisations (groups), blocking access to information resources used for the above purposes

Other

- prohibition on the transfer of technologies and rights to intellectual property
- termination of cultural exchanges, scientific cooperation, educational and sports contacts, and entertainment programmes with foreign states and foreign legal entities
- termination of international treaties ratified by the Parliament of Ukraine
- deprivation of state awards from Ukraine and other forms of recognition
- other sanctions that comply with the principles of their application established by the Law (blocking access to web resources, prohibition of entering into contracts, execution of transactions, etc.)

In 2022, Ukraine introduced a new type of individual sanction – **forfeiture of assets in favour of Ukraine**. Importantly, the forfeiture can be imposed (1) only during martial law and (2) provided that an individual or legal entity has already been subject to sanction such as asset freeze.

In contrast to other sanctions, **the grounds for forfeiture** are as follows:

a) causing substantial harm to Ukraine

For example, the preparation for and commencement of military aggression against Ukraine, establishment and support of an occupation administration in temporarily occupied Ukrainian territory; the arrangement and conduct of illegal elections or referendums in the temporarily occupied territories.

b) significant facilitation of the acts or decisions listed in para. (a) above

For example, support of military aggression against Ukraine, occupation / annexation of Ukrainian territory (paying taxes, and fees to the aggressor's state budget; making donations, providing charity, and other free-of-charge transfers of funds in favour of the state authorities or military management of the aggressor state, etc.), funding or supporting the aggressor's state activities related to military aggression against Ukraine or occupation/ annexation of its territories, information support, etc.

As of now, Ukraine has adopted four decisions on the application of special **sectoral sanctions** and restrictions, namely against the Islamic Republic of Iran, the Republic of Nicaragua, financial institutions of the Russian Federation, and the defence industry of the Russian Federation and the Republic of Belarus.



On 23 February 2023, Ukraine imposed sectoral sanctions for 50 years on **all banks and financial institutions** (the Central Bank of the Russian Federation, non-bank credit institutions, payment system operators, professional stock market members, insurance companies, investment funds, and other institutions providing financial services) **registered or located in Russia** (hereinafter – **Financial Institutions**).

The sectoral sanctions against Financial Institutions prohibit, in particular, the following:

- all operations with assets owned by Financial Institutions
- establishment and maintenance of business relations, *inter alia*, correspondent relations with Financial Institutions
- execution of legal transactions with Financial Institutions
- purchase of securities issued by Financial Institutions except for the alienation of securities in favour of Ukraine
- performing economic and financial obligations in favour of Financial Institutions, including transferring dividends (interest) and making any other payments to Financial Institutions
- making investments with / in favour of Financial Institutions
- servicing electronic payment instruments (including transfers, settlements, and cash withdrawals) issued by Financial Institutions
- crediting funds to the accounts of customers – individuals / legal entities under transfers initiated using electronic payment instruments issued by Financial Institutions

Moreover, the sectoral sanctions against Financial Institutions provide for sanctions such as cancellation of registration and prohibition of registration by the National Bank of Ukraine of international payment systems and participants related to Financial Institutions.

Also, the Decision on sectoral sanctions prohibits individuals and legal entities from conducting transactions (taking actions) that lead to violation or avoidance of the imposed restrictions.

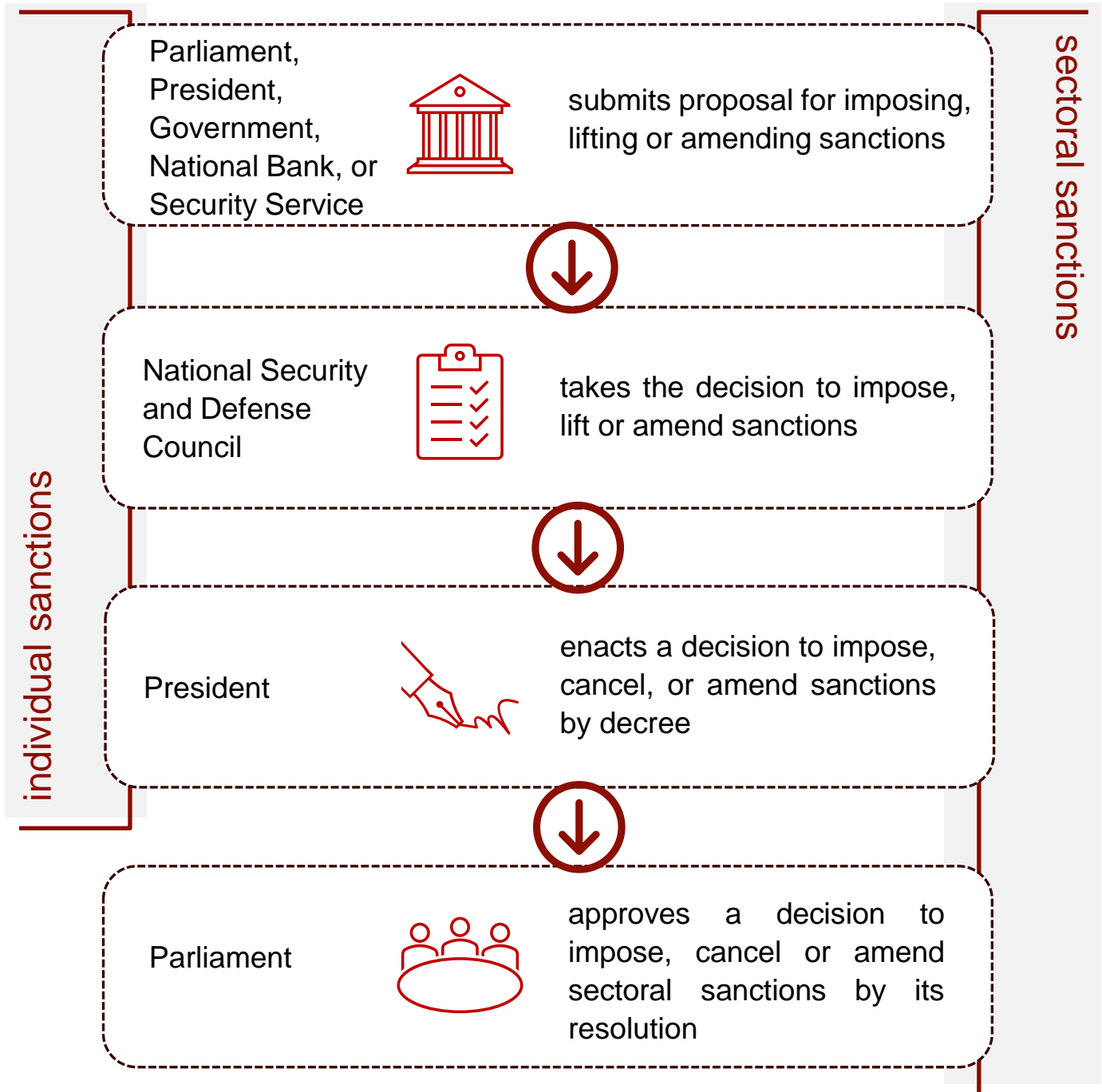


On 22 November 2023, Ukraine imposed sectoral sanctions **on the Russian Federation and the Republic of Belarus in the defence industry** for 50 years, which envisage the following:

- prohibition of transactions in goods and services, the international transfers of which are subject to the Law of Ukraine "On State Control over International Transfers of Military and Dual-Use Goods", with residents of the Russian Federation and the Republic of Belarus, including those involving residents of other states;
- suspension of fulfilment of economic and financial obligations in favour of residents of the Russian Federation and the Republic of Belarus under the transactions specified above;
- prohibition of transfer of technologies and rights to intellectual property objects to and from residents of the Russian Federation and the Republic of Belarus; prohibition of actions by residents of the Russian Federation and the Republic of Belarus to obtain protection titles, other actions related to the protection of intellectual property rights, except for actions to extend the validity of intellectual property rights and to extend the validity of titles of protection; prohibition of registration and accreditation of collective management organisations whose founders are residents of the Russian Federation and the Republic of Belarus;
- termination of joint projects and industrial programmes in the security and defence sector involving residents of the Russian Federation and/or the Republic of Belarus regarding military and dual-use goods;
- prohibition of investments involving residents of the Russian Federation and the Republic of Belarus in respect of legal entities engaged in the production, international transfer of military and dual-use goods, provision of military and dual-use services, including those involving residents of other states.

V. AUTHORITIES AND PROCEDURE

The Law defines who is entitled to initiate, impose, amend and lift sanctions. The procedure for imposing, lifting and amending sanctions (except for forfeiture of assets in favour of Ukraine) is as follows:



As of the date hereof, (1) the President has issued over **100 decrees** on imposing sanctions, over 40 of which were issued after the start of the war, and (2) the Parliament has issued **4 resolutions** on imposing sectoral sanctions.

V. AUTHORITIES AND PROCEDURE

The procedure for imposing **forfeiture of assets in favour of Ukraine** is as follows:

National Security
and Defense
Council



imposes such sanction as
asset freeze
(please see procedure above)



Ministry of Justice



files a statement of claim
on forfeiture of assets in
favour of Ukraine under the
Administrative Procedure
Code of Ukraine



High
Anti-Corruption
Court



considers a statement of
claim within thirty (30) days
from the moment of its
receipt

*As of the date hereof, the Ministry of Justice has filed over **30 statements of claim** for forfeiture of assets in favour of Ukraine, and the High Anti-Corruption Court has granted most of them.*

VI. THE INTERNATIONAL WORKING GROUP ON RUSSIAN SANCTIONS, WAR&SANCTIONS DATABASE

On 19 April 2022, the [International Working Group on Russian Sanctions](#) (the so-called Yermak-McFaul Expert Group) adopted the Action Plan on Strengthening Sanctions against the Russian Federation.

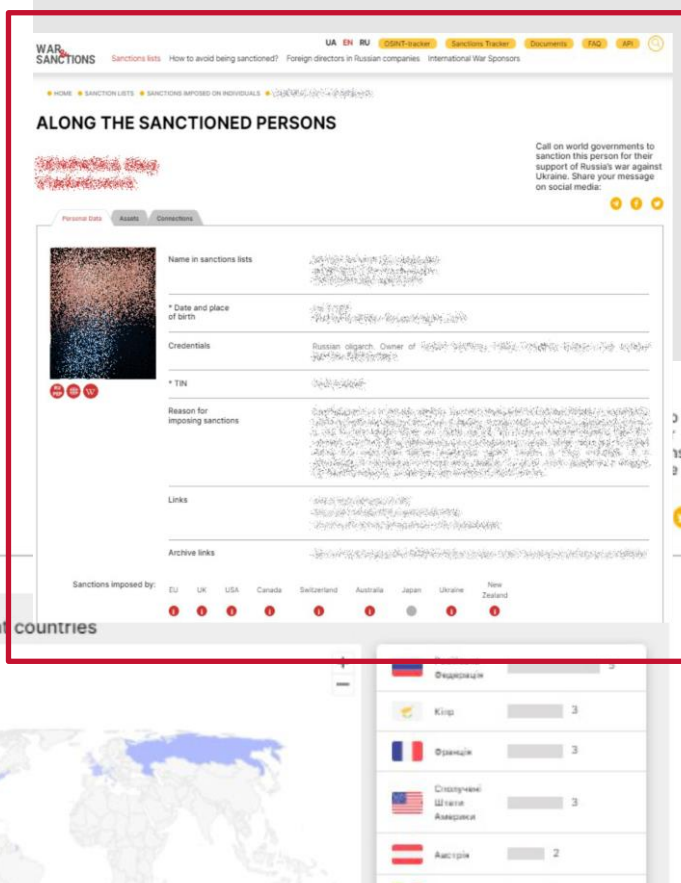
The National Agency on Corruption Prevention (hereinafter - **NACP**) is authorised to implement the recommendations of Yermak-McFaul Expert Group and to identify persons who fall under the sanction criteria.

NACP together with the Ministry of Foreign Affairs of Ukraine has launched the [War&Sanctions database](#) – the largest global database on sanctions imposed on Russian individuals and companies that are facilitating Russia’s war against Ukraine.

The database includes not only (1) a list of persons already sanctioned, but also (2) lists of persons identified for sanctioning, (3) the list of International Sponsors of War, and (4) the list of foreign directors in Russian companies.

Profiles in the War&Sanctions database generally contain the following information:

- name of company / full name of the individual, date and place of birth, post they are/were holding
- logo/photo
- tax number
- reason for the imposition of sanctions
- relevant links
- number of assets belonging to the person by category and in different countries
- related individuals.



The screenshot shows a profile page for a sanctioned person. The profile information section is highlighted with a red box and includes the following details:

- Name in sanctions lists:** [Redacted]
- * Date and place of birth:** [Redacted]
- Credentials:** Russian oligarch, Owner of [Redacted]
- * TIN:** [Redacted]
- Reason for imposing sanctions:** [Redacted]
- Links:** [Redacted]
- Archive links:** [Redacted]

Below the profile information, there is a section for "Sanctions imposed by" with a list of countries: EU, UK, USA, Canada, Switzerland, Australia, Japan, Ukraine, New Zealand. Each country has a corresponding colored dot and a number indicating the count of sanctions.

WAR&
SANCTIONS



VII. STATE REGISTRY OF SANCTIONS

On 31 January 2024, [the State Registry of Sanctions](#) (the "**Registry**") was launched.

The Registry is maintained by the National Security and Defence Council of Ukraine in Ukrainian and English and is designed to provide free public access to up-to-date and reliable information on all persons subject to Ukrainian sanctions.

The Registry contains

- list of sanctioned persons and information for their identification, namely:
 - for individuals** – full name, date of birth, identification/tax number, identity document, place of birth/residence, citizenship.
 - for legal entities** – name, country of registration, registration/identification/tax number, registered office.
- information on a foreign state or an indefinite circle of persons of a certain type of activity that are subject to sanctions;
- grounds for imposing, cancelling or amending sanctions;
- list of sanctions that are imposed, cancelled or amended;
- period for which the sanctions were imposed and duration of the sanctions;
- information on the authorities that initiated imposing, cancelling or amending sanctions and responsible for their enforcement.

Державний реєстр санкцій

Офіційне джерело інформації

Реєстр створено з метою надання безоплатного публічного доступу до актуальної та достовірної інформації про суб'єктів, щодо яких застосовано санкції

Пошук фізичних та юридичних осіб, що перебувають під санкціями



As of the date hereof,
**the Registry contains
information on**

10,084
sanctioned individuals

7,118
sanctioned legal entities

CRIMINAL LIABILITY

Currently, Ukrainian legislation does not establish criminal liability for violation and/or evasion of Ukrainian sanctions.

While a draft law on the criminalisation of the violation or avoidance of sanctions is still pending in the Parliament of Ukraine, the said actions may constitute, *inter alia*, the following crimes under the Criminal Code of Ukraine:

crimes against the fundamentals of national security

- actions aimed at the violent change or overthrow of the constitutional order or the seizure of state power
- encroachment on the territorial integrity and inviolability of Ukraine
- financing actions committed with the intention of violent change or overthrow of the constitutional order or the seizure of state power, changing the boundaries of the territory or state border of Ukraine
- high treason
- collaborative activity
- aiding and abetting the aggressor state

crimes against property

- fraud
- misappropriation, embezzlement or seizure of property through abuse of office

CRIMINAL LIABILITY

crimes against public security

- creation of a terrorist group or terrorist organisation
- creation of paramilitary or armed groups not provided for by law

abuse of office and bribery

- abuse of power or official position
- abuse of authority by an official of a private legal entity regardless of its organisational and legal form
- forgery
- acceptance of an offer, or the promise or receipt of an unlawful benefit by an official

crimes against peace, security of mankind, and international law and order

- violation of the laws and customs of war

crimes against business activity

- legalisation (laundering) of the proceeds of crime
- evasion of taxes, or duties (mandatory payments)

VIII. COMPLIANCE, ENFORCEMENT AND LIABILITY

In addition to the obvious legal effects that follow directly from the nature of a particular sanction, there are a number of other legal effects that affect sanctioned persons in one way or another.

NOTARIAL SERVICES



Notaries must check whether a person applying to them is on the sanctions list. Notaries must refuse to perform a notarial act if an applicant is subject to sanction and the performance of the notarial act may lead to a violation of restrictions (prohibitions) established by a sanction. Moreover, notaries must inform the Ministry of Justice of Ukraine about a refusal and the notarial act requested by the sanctioned person.

FINANCIAL SERVICES



Ukrainian banks and foreign banks' branches as well as persons providing financial services in Ukraine are obliged to implement sanctions, inter alia, by monitoring the sanctions lists, identifying sanctioned persons and persons acting on their behalf among their clients and other participants in financial transactions, refusing to do business with sanctioned persons, blocking funds belonging to sanctioned persons, suspending/ refusing to conduct financial transactions subject to sanctions and transactions that violate, facilitate or may facilitate the violation/ avoidance of sanctions.

In March 2023, the National Bank of Ukraine obliged banks to disclose information about clients (their counterparties) associated with the aggressor state in 15 separate categories. It is likely that the National Bank of Ukraine will use such information to initiate the imposition of sanctions against specific persons.

STATE REGISTRATION OF REAL ESTATE AND LEGAL ENTITIES



Ukrainian legislation establishes that a state registrar must check for sanctions when performing state registration of rights in real estate and legal entities. When carrying out the registration of legal entities, state registrars are obliged, in particular, to check whether sanctions such as an asset freeze and the prohibition of increasing a share of the charter capital of business entities have been imposed.

When the registration of rights in real estate is performed, sanctions such as the prohibition on acquiring land plots and on participation in privatisation and lease of state property are also checked. The imposition of sanctions is a ground for refusal of state registration. The state registrar is obliged to notify the Ministry of Justice of Ukraine of a refusal.

DISCLAIMER

This guidance provides general information on sanctions under the Law of Ukraine "On Sanctions" and has been prepared by INTEGRITES in order to contribute to a better understanding of the Ukrainian sanctions regime.

The content of this guidance is accurate as of the date of its preparation. This guidance may contain links to third-party websites and resources. These links are provided for your convenience only. INTEGRITES does not recommend or endorse the content of such third-party sites and resources.

Please note that this guidance does not constitute legal advice.

For any specific legal advice, we recommend contacting INTEGRITES Business Protection, Compliance and Anti-Corruption Practice directly.



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