

## **Alert** | **Export Controls & Economic Sanctions**



**November 2022**

### **OFSI’s Annual Review Highlights Effect of Sanctions on Russia**

On 10 November, the UK’s Office of Financial Sanctions Implementation (OFSI) published its **annual review** for the period April 2021 to August 2022, with a focus on the effect of sanctions on Russia following the invasion of Ukraine in February. OFSI describes its response to the invasion as “unprecedented”, having put in place “*the most stringent financial sanctions in history*”, and states that:

- Between the start of the invasion and 20 October 2022, £18.39 billion worth of Russian assets has been reported as frozen to OFSI (as of September 2021, the figure was £44.5 million);
- 236 breach reports have been received by OFSI since the invasion;
- 33 general licences were issued between February and August 2022; and
- 1,271 new Russia regime designated persons were added to the consolidated list.

Policing this regime takes resources – the review confirms that only two monetary penalties (totalling £86,393.45) have been issued in the last financial year. Those concerned about the speed and breadth of enforcement action, however, should note that OFSI intends to have over 100 full-time employees by the end of 2022 (compared to 45 at the start of 2022), armed with increased enforcement powers under the Economic Crime (Transparency and Enforcement) Act 2022, including:

- A strict civil liability test for breaches of financial sanctions.

- An ability to publicise details of financial sanctions breaches even if no monetary penalty has been imposed; and
- Greater information-sharing powers.

Similarly, OFSI has committed additional resources to its licensing function, and has stated that it is working on streamlining the procedure for licence applications to speed up the decision-making process. When this additional resource will start to make a material difference to businesses operating within the sanctions regime is difficult to say, but the review underlines the importance of taking active steps to monitor sanctions compliance.

## Authors

This GT Alert was prepared by:

- [Annabel Thomas](#) | +44 (0) 203.349.8700 | [Annabel.Thomas@gtlaw.com](mailto:Annabel.Thomas@gtlaw.com)
- [Bethany Histed](#) | +44 (0) 203.349.8700 | [Bethany.Histed@gtlaw.com](mailto:Bethany.Histed@gtlaw.com)
- [Gavin Costelloe](#) | +44 (0) 203.349.8700 | [Gavin.Costelloe@gtlaw.com](mailto:Gavin.Costelloe@gtlaw.com)

## Additional Contacts

- [Kara M. Bombach](#) | +1 202.533.2334 | [Kara.Bombach@gtlaw.com](mailto:Kara.Bombach@gtlaw.com)
- [Erik de Bie](#) | +31 20 301 7315 | [Erik.deBie@gtlaw.com](mailto:Erik.deBie@gtlaw.com)
- [Cyril T. Brennan](#) | +1 202.533.2342 | [brennanct@gtlaw.com](mailto:brennanct@gtlaw.com)

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