INFORMATION BULLETIN FOR WILLIS CLIENTS

UPDATED UKRAINE/ RUSSIAN FEDERATION SANCTIONS

On 16 July 2014, the EU and USA both expanded their sanctions programmes concerning the Russian Federation and Ukraine.

ADDITIONAL US SANCTIONS

On July 16, 2014, the USA announced additional sanctions related to Ukraine and the Russian Federation as follows:

1) Targeted, sectoral sanctions have been imposed against two Russian banks (Gazprombank OAO and Vnesheconombank ("VEB")) and two Russian energy companies (Rosneft and Novatek). US persons are now prohibited from financing or otherwise transacting or dealing in new equity or new long-term debt (defined as debt of longer than 90 days maturity) with Gazprom and VEB. US persons are also prohibited from transacting in new long-term debt issued by Rosneft and Novatek, or entities that are 50% or more owned by Rosneft or Novatek (directly or indirectly). These limited sanctions are narrower in scope than blocking sanctions, which means that there is no requirement to freeze the assets of these four firms. Only these specific types of transactions with these firms are prohibited. Other types of transactions with these firms are permitted, including transactions involving old debt, short term debt, and correspondent bank account transactions.

2) US persons and persons in the US are now prohibited from transactions with eight designated Russian arms firms, four Russian government officials, two separatist groups in Ukraine and a Crimean shipping facility. US persons cannot engage in transactions with these individuals and companies, and any assets of these individuals and firms within the US or the control of a US person must be frozen. The designated firms and individuals have been added to the Specially Designated Nationals ("SDN") list and they are:

- **Arms firms:** Almaz-Antey; Federal State Unitary Enterprise State Research and Production Enterprise Bazalt; JSC Concern Sozvezdie; JSC MIC NPO Mashinostroyenia; Kalashnikov Concern; KBP Instrument Design Bureau; Radio-
Electronic Technologies; and Uralvagonzavod. These firms produce a range of materiel that includes small arms, mortar shells, and tanks.

- **Russian government officials**: Sergey Besesda (senior officer in the Federal Security Service), Igor Shchegolev (Aide to President Putin), Oleg Savelyev (Russian Minister for Crimean Affairs) and Sergei Neveroc (Deputy Chairman of the Duma).
- Separatist groups: Luhansk People’s Republic and Donetsk People’s Republic, including Aleksandr Borodai, (self-declared prime minister of the Donetsk People’s Republic)
- Feodosiya Enterprises, a key shipping facility in the Crimean peninsula.

The US SDN list of targets as of 16 July 2014 is [here](#). SDNs are also subject to a visa ban which prohibits visits to the US.

### ADDITIONAL EU SANCTIONS

On July 16, 2014, the EU agreed to draft new sanctions by the end of July with “enhanced criteria” for inclusion in the EU’s list of targeted sanctions for the first time allowing EU sanctions to cover businesses that are benefiting from or being used to support the unrest in eastern Ukraine and the Russian annexation of Crimea. EU sanctions have until now mainly targeted individuals and, in a few cases, the companies they directly control.

In addition to these sanctions, the EU has also requested the European Investment Bank to suspend new financing operations of public sector projects in the Russian Federation, and will re-assess bilateral EU-Russia cooperation programmes, on a case by case basis, with a view to suspending them.

Finally, in view of Crimea’s annexation by the Russian Federation, the EU restricts European investment in Crimea and expects international financial institutions to refrain from financing projects that explicitly or implicitly recognise the “illegal annexation”.

See the [remarks](#) of the President of the Council of the EU.

### EU Regulation 753/2014

On 11 July 2014, the European Union added 11 individuals to its Ukraine sanctions which lists people said to be responsible for or supporting actions “undermining Ukraine’s territorial integrity, sovereignty and independence”.

The 11 people (reasons for whose inclusion are given in the Regulation) are: Aleksandr Yurevich BORODAI, Alexander KHODAKOVSKY, Alexandr Aleksandrovich KALYUSSKY, Alexander
The Regulation imposes the following sanctions on these 11 individuals:

**Asset Freezes**

- All funds and economic resources belonging to, owned, held or controlled by any persons, entities or bodies shall be frozen.
- No funds or economic resources shall be made available, directly or indirectly to, or for the benefit of, any persons, entities or bodies designated under this Regulation.
- It is prohibited to participate knowingly and intentionally in activities which circumvent the prohibitions.

**Travel Ban**

The designated individuals are also subject to a travel ban. The travel ban would apply to visits to the EU.

**FURTHER DEVELOPMENTS**

Both EU and US sanctions relating to the situation in Ukraine and the Russian Federation continue to develop rapidly. Willis will continue to monitor the situation, and will issue a client bulletin should any further measures be taken in relation to Ukraine or the Russian Federation.

**RECOMMENDED CLIENT ACTIONS**

Based on these new measures, companies should assess their business operations and relationships in the Ukraine and the Russian Federation and determine whether they are engaged in activities or have relationships with these sanctioned persons, including companies, or entities, owned or controlled by them.

In light of the increasing political sensitivity and the risk of enforcement by EU Member States, businesses should consult with legal advisers before engaging in dealings involving the listed individuals.

**WHY ARE YOU TELLING US ABOUT THESE SANCTIONS?**

As your (re)insurance broker, we wanted to make you aware of these new sanctions concerning Ukraine and the Russian Federation and the effect they may have on your business.
1. We may require additional information from you about the insurance you require to help us comply with the new sanctions.

2. The new sanctions could have a commercial impact on you if you were previously engaged in lawful exports or other transactions relating to Ukraine and the Russian Federation. You should consider the implications of breaching the sanctions imposed and discuss this with your legal advisers.

3. The new sanctions will also impact reinsurance arrangements. We appreciate that the nature of some reinsurance arrangements may make it impossible to identify all underlying risks. If you have any underlying business which may be connected, directly or indirectly, with Ukraine and/or the Russian Federation, please let us know.

4. The new sanctions may not apply to you or your business but your (re)insurers may be affected. All London and European (re)insurance markets are required to comply with the EU sanctions.

5. The new sanctions could prevent us from providing services to you if you become sanctioned. We may also decline to place cover if it is in relation to a sanctioned activity. In some instances certain sanctions may require us to freeze funds (including insurance premiums and claims payments) that we hold in our bank accounts. In these circumstances, we cannot transfer funds to or from sanctioned people or entities.

**FINAL NOTE**

As an (re)insurance broker, Willis cannot provide legal advice. This client information bulletin offers a general overview of its subject matter. It does not necessarily address every aspect of its subject. If you intend to take any action on the basis of the content of this publication, you should first seek advice from your legal counsel.

Some of the information in this publication may be compiled from third party sources we consider to be reliable; however, we do not guarantee and are not responsible for the accuracy of such information.

Willis will use reasonable endeavours to carry out services to you in line with our contractual obligations. However, we cannot be held responsible if applicable law or regulation precludes our involvement.

(Re)Insurers may have their own sanctions obligations which may differ from Willis’s position. We are therefore unable to provide advice to you on the applicability of sanctions regimes to underwriters, or guarantee payment by underwriters who may be precluded from remitting funds in certain circumstances.

18 July 2014