

Russia / Ukraine: Cayman Islands and BVI Sanctions Update

Sanctions Orders are extended by Statutory Instrument to the British Overseas Territories, including the Cayman Islands and the British Virgin Islands (the "BVI"), to give effect to sanctions regimes implemented by the United Kingdom Government ("Sanctions Orders").

Sanctions Orders apply to any person or body incorporated or instituted in the jurisdiction, as well as any British citizen or subject ordinarily resident in the jurisdiction. The Sanctions Orders generally restrain persons from dealing in funds or economic resources owned or controlled by, or making funds or economic resources available to, persons or entities listed under the Order ("Designated Persons").

The next raft of sanctions measures with respect to Russia's invasion of Ukraine are expected to be published by the UK, US and EU this week; some significant amendments having already been made over the past few days. What we know so far with respect to the UK and its Overseas Territories is summarised briefly below.

All Cayman Islands and BVI entities should ensure they comply with the new / amended Sanctions Orders and ensure that they also take note of potentially applicable sanctions imposed by other jurisdictions (including the US and EU) as part of their wider AML / CFT / CPF and Sanctions compliance framework.

Important and immediate considerations include how the asset freeze on Designated Persons will

affect both incoming and outgoing investments; identification of sanctioned persons, including those unlisted individuals and entities under the ownership or control of Designated Persons; statutory reporting obligations; and demonstrating robust sanctions policies and procedures.

The Maples Group has significant experience of advising on the Cayman Islands and BVI sanctions regimes. If you would like further information, please liaise with your usual Maples Group contact or any of the persons listed below.

UK / Overseas Territories Sanctions Already Imposed

Several additions have already been made to the UK's consolidated list, with the effect that their assets are immediately frozen. The entities in question include VTB Bank (Russia's second-largest bank); with the individuals including President Putin and Minister of Foreign Affairs Lavrov. Russia's national airline, Aeroflot, has been banned from UK airspace.

UK / Overseas Territories Sanctions Expected This Week

The UK Government has announced the following measures, which are expected to come into force and be extended to the UK's Overseas Territories this week:

- a) Certain Russian banks to be removed from the SWIFT global payments system.

- b) The Russian Central Bank to be prevented from deploying its international reserves in ways that could undermine sanctions.
- c) Russian bank assets in the UK to be frozen, with the intent to shut off Russia's banking system from UK finance markets.
- d) A ban on Russian state-owned and key strategic private companies from raising finance on the UK financial markets.
- e) The addition of more than 100 companies and oligarchs to the UK's consolidated list, resulting in asset freezes and travel bans.
- f) Restrictions on trade and export controls against Russia's hi-tech and strategic industries.
- g) New restrictions to cut-off wealthy Russians' access to UK banks (including a ban on all Russians from having significant savings in UK bank accounts).
- h) Limitations on the sale of so-called 'golden passports' granting Russians UK citizenship.
- i) Similar financial sanctions to be extended to Belarus for its role in the invasion of Ukraine.

We continue to monitor the changes to the Cayman Islands and BVI sanctions regimes with respect to Russia. Please do not hesitate to contact us should you be in need of advice in this area.

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