

**EXPLANATORY MEMORANDUM TO  
THE SANCTIONS (EU EXIT) (MISCELLANEOUS AMENDMENTS AND  
REVOCATIONS) REGULATIONS 2024**

**2024 No. 643**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by the Foreign, Commonwealth and Development Office and is laid before Parliament by Command of His Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

**2. Declaration**

- 2.1 The Rt Hon Andrew Mitchell MP, Minister of State at the Foreign, Commonwealth and Development Office, can confirm that this Explanatory Memorandum meets the required standard.
- 2.2 Abigail Culank, Deputy Director Sanctions Directorate at the Foreign, Commonwealth and Development Office, can confirm that this Explanatory Memorandum meets the required standard.

**3. Contact**

- 3.1 The Sanctions Directorate at the Foreign, Commonwealth and Development Office, 0207 008 8553 or email: [fcdo.correspondence@gov.uk](mailto:fcdo.correspondence@gov.uk), can be contacted with any queries regarding the instrument.

**Part One: Explanation, and context, of the Instrument**

**4. Overview of the Instrument**

*What does the legislation do?*

- 4.1 The instrument makes amendments to sanctions regimes currently in effect in UK law. It introduces a new power to designate persons for the purpose of disqualifying those persons from being a director of a company or directly or indirectly taking part in or being concerned in the promotion, formation or management of a company. This instrument makes amendments to the enforcement of existing trade sanctions regimes and clarifies necessary enforcement powers for non-customs provisions related to technical assistance, financial and brokering sanctions offences agreed in alignment with other government departments. This instrument also makes amendments to the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/600) related to reporting obligations disclosing information related to asset freezes. This instrument also revokes the Burundi (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/1142).
- 4.2 This instrument is made under the Sanctions and Anti-Money Laundering Act 2018 (“the Sanctions Act”) to make amendments to:
  - a) the Venezuela (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/135),
  - b) the Republic of Guinea-Bissau (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/554),

- c) the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019,
  - d) the Zimbabwe (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/604),
  - e) the Chemical Weapons (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/618),
  - f) the Syria (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/792),
  - g) the Russia (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/855),
  - h) the Burundi (Sanctions) (EU Exit) Regulations 2019,
  - i) the Guinea (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/1145),
  - j) the Cyber (Sanctions) (EU Exit) Regulations 2020 (S.I. 2020/597),
  - k) the Bosnia and Herzegovina (Sanctions) (EU Exit) Regulations 2020 (S.I. 2020/608),
  - l) the Nicaragua (Sanctions) (EU Exit) Regulations 2020 (S.I. 2020/610),
  - m) the Global Human Rights (Sanctions) Regulations 2020 (S.I. 2020/680),
  - n) the Unauthorised Drilling Activities in the Eastern Mediterranean (Sanctions) (EU Exit) Regulations 2020 (S.I. 2020/1474),
  - o) the Global Anti-Corruption Sanctions Regulations 2021 (S.I. 2021/488), and
  - p) the Myanmar (Sanctions) Regulations 2021 (S.I. 2021/496).
- (together “**the Amended Regulations**”).

*Where does the legislation extend to, and apply?*

- 4.3 The territorial extent of this instrument is the same as the territorial extent of the Amended Regulations, that is, the whole of the United Kingdom (“UK”).
- 4.4 Subject to paragraph 4.3, the territorial application of this instrument is also the same as the territorial application of the Amended Regulations, that is, it applies to the whole of the UK.
- 4.5 This instrument also applies to conduct by UK persons where that conduct is wholly or partly outside the UK, and some parts of it also apply to conduct by any person in the territorial sea adjacent to the UK. “UK person” is defined in section 21(2) of the Sanctions Act.

**5. Policy Context**

*What is being done and why?*

- 5.1 This instrument amends several sanctions provisions in the Amended Regulations.
- 5.2 This instrument will introduce a new power to designate an individual or an entity, which, once exercised, will make it unlawful for the designated person to act as a director of a UK company. A designated person subject to this new measure will commit an offence if they act as a director of a company or directly or indirectly take part in the management, formation or promotion of a UK company.
- 5.3 The Department for Business and Trade (DBT) will be able to issue a licence to persons to allow them to undertake activity that is otherwise prohibited. An offence will be committed if the person subject to this new measure provides false or misleading information to obtain a licence or fails to comply with the conditions stated in the licence.

- 5.4 The Company Directors Disqualification Act 1986 for England, Wales and Scotland along with the Company Directors Disqualification (Northern Ireland) Order 2002 (as amended by the Economic Crime and Corporate Transparency Act 2023), provides for the publication of designations and licences in relation to this sanction on the Director Disqualification Register and Northern Ireland equivalent, which will be maintained by Companies House and Northern Ireland Department for the Economy respectively. Designations will also be published on the UK Sanction<sup>1</sup>.
- 5.5 This instrument also clarifies the responsibilities of HM Revenue & Customs (HMRC) for the enforcement of trade sanctions. Under these measures, HMRC has full enforcement responsibility for trade sanctions offences within its customs remit. Specific offences outside HMRC's customs remit require a referral to HMRC from DBT or another named organisation for criminal enforcement consideration or a decision by HMRC to treat the matter as though it had been referred. Through these amendments, additional offences that are outside HMRC's customs remit will be specified within sanctions regulations as requiring a referral for criminal enforcement consideration.
- 5.6 This instrument inserts a new Regulation 38A to the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019 which contains a new reporting obligation for persons designated under the asset freeze to disclose the value and nature of any funds or economic resources they own, hold or control in the UK or – if they are UK persons – worldwide. Assets will need to be disclosed within ten weeks of the legislation coming into force or from date of designation, whichever is later. Any new assets obtained or assets which have been disposed of in the period after this must be reported to HM Treasury as soon as practicable.
- 5.7 This instrument introduces further amendments to the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019, including: i) the prohibition of the export from the UK of western items critical to Russian weapons systems and its military development (as identified on the Common High Priority Items list<sup>2</sup>), in addition to certain aerospace goods; ii) the prohibition of Belarussian aluminium imports; and iii) a ban on the provision of ancillary services associated with all prohibited goods introduced through this amendment, including technical assistance, as well as financial and brokering services.
- 5.8 These export and import measures on Belarus align with the Government's broader strategic approach in response to Russia's full-scale invasion of Ukraine by deterring the Belarusian regime from supporting or enabling Russian actions that are destabilising Ukraine and demonstrating that the UK strongly condemns Belarus' role in facilitating Russia's invasion of Ukraine. A key objective of our sanctions on Belarus is that the Lukashenko regime continues to feel the economic consequences for its support of Putin's war in Ukraine. Our approach is therefore to build on our existing sanctions on Belarus, address circumvention of sanctions as well as continue to express publicly the UK's disapproval of the regime.
- 5.9 This instrument revokes the Burundi (Sanctions) (EU Exit) Regulations 2019, which were introduced following the UK's exit from the EU. At that point, in response to an improved political climate in Burundi, the decision was made not to transpose the existing designations made under the EU regime. No designations have been made since, as a result of which the regime has remained 'empty'.

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<sup>1</sup> <https://www.gov.uk/government/publications/the-uk-sanctions-list>

<sup>2</sup> <https://www.gov.uk/government/publications/russia-sanctions-common-high-priority-items-list>

*What was the previous policy, how is this different?*

- 5.10 Persons designated under the Sanctions Act, and subject to an asset freeze, have not been prevented from acting as a UK company director as a result of their designation. This is because acting as a director of a UK company does not necessarily require the provision of funds or economic resources by UK persons. This instrument closes that loophole whereby designated persons subject to an asset freeze are still able to act as directors of UK companies and further prevents those sanctioned from accessing or deriving benefit from the UK economy.
- 5.11 HMRC was previously responsible for enforcing all trade sanctions offences. Following the unprecedented level of sanctions introduced against Russia in response to their illegal invasion of Ukraine, the government has made changes to departmental responsibilities for implementing and enforcing sanctions.
- 5.12 HMRC's customs remit includes both civil and criminal enforcement responsibilities for trade sanctions offences. For offences that fall outside HMRC's customs remit, the Office of Trade Sanctions Implementation (OTSI) will oversee the enforcement of trade sanctions violations underpinned by civil law. This change has already been reflected in the Russia (Sanctions) (EU Exit) Regulations 2019 and the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019. This instrument makes the change for all other UK autonomous sanctions regimes, ensuring a consistent approach to the enforcement of trade sanctions.
- 5.13 The Republic of Belarus (Sanctions) (EU Exit) Regulations 2019 did not impose any direct reporting requirements on designated persons. This instrument changes that by introducing a new reporting obligation for designated persons to disclose the value and nature of any funds or economic resources they own, hold or control in the UK or – if they are UK persons – worldwide.
- 5.14 This reporting obligation will improve the transparency of assets owned, held, or controlled in the UK by designated persons, thereby strengthening HM Treasury's ability to monitor and enforce implementation of the financial sanctions contained within Regulations 11 – 16 of the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019. The reporting obligation will also help HM Treasury identify persons who make deliberate attempts to conceal assets to escape the effects of sanctions. A similar reporting obligation came into force in December 2023 for persons designated under the Russia (Sanctions) (EU Exit) Regulations 2019. This instrument therefore creates alignment between the two regimes.
- 5.15 Regarding the prohibition on the export to Belarus of items on the Common High Priority Items List (items that Russia is using in its weapons systems), as well as aerospace goods and firearms, the export to Belarus of the commodities listed in this instrument had not previously been sanctioned. This instrument updates our prohibitions to align with EU measures introduced in August 2023 and reduces the risk of circumvention of equivalent sanctions measures on Russia given the Belarusian Government's support for Russia's full-scale invasion of Ukraine.
- 5.16 Regarding the prohibition on the import of aluminium from Belarus, this commodity had not previously been sanctioned. This instrument aligns the Belarus regime with the Russia regime in so far as it applies measures which formed part of the Russia (Sanctions) (EU Exit) (Amendment) (No. 4) Regulations 2023 (S.I. 2023/1364) that were laid in December 2023. Aluminium is a critical sector in the Belarusian economy and introducing an import ban will ensure that UK sanctions on Belarus remain aligned with our broader approach on preventing circumvention of Russia sanctions.

5.17 The UK introduced the Burundi regime in 2019, transposing an EU sanctions regime dating from 2015 into UK law. The regime has remained ‘empty’ since it was introduced. Given the improved political climate in Burundi, the decision has been made to revoke the regime. This reflects the UK’s broader approach to sanctions, including that they are carefully targeted, deployed proportionately and reflect changing circumstances.

## **6. Legislative and Legal Context**

### *How has the law changed?*

- 6.1 This instrument applies to regulations made under powers in the Sanctions Act. The Sanctions Act establishes a legal framework which enables His Majesty’s Government to impose sanctions for a number of purposes, including that it is in the interests of international peace and security and furthers a foreign policy objective of the government of the UK.
- 6.2 This instrument exercises a power in section 3A of the Sanctions Act, inserted by the Economic Crime and Corporate Transparency Act 2023, to enable the Secretary of State to impose director disqualification sanctions. It does so by adding this purpose into the Amended Regulations. The instrument also amends the relevant regulations to make provision for licensing.
- 6.3 Recent amendments to regulation 85 of the Russia (Sanctions) (EU Exit) Regulations 2019 and regulation 53 of the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019 have already introduced new paragraphs 3A to 3C to limit the Commissioner’s ability to investigate certain ‘non-customs’ offences unless they were referred by a relevant Department or agency. This instrument will amend all relevant UK autonomous sanctions regimes to implement equivalent provisions and ensure consistency across the enforcement of all sanctions regimes.
- 6.4 The new reporting obligation on persons designated under the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019 will be added under Regulation 38A of those Regulations.
- 6.5 Regarding the prohibition on the export to Belarus of commodities listed in this instrument, the corresponding commodity codes and their descriptors will be added to Schedule 2C of the existing Republic of Belarus (Sanctions) (EU Exit) Regulations 2019 under existing Critical Industry Goods and Critical Industry Technology categories including ‘Electronics’, ‘Navigation and avionics’ and ‘Aerospace and Propulsion’. Corrections are also being made to commodity codes and their descriptors under Schedule 2I (Machinery-Related Goods and Machinery-Related Technology) and to CAS Registry Numbers that are assigned to chemicals in Schedule 2H (Chemical and Biological Weapons-Related Goods and Chemical and Biological Weapons-Related Technology).
- 6.6 Regarding the prohibition on the import from Belarus of aluminium in this instrument, this commodity will be added to Schedule 2B of the existing Republic of Belarus (Sanctions) (EU Exit) Regulations 2019.
- 6.7 This instrument revokes the Burundi (Sanctions) (EU Exit) Regulations 2019. For more information, see point 5.15.

### *Why was this approach taken to change the law?*

- 6.8 As noted above, this instrument delivers on strengthening sanctions enforcement and effectiveness through various amendments. Amending the Regulations under the legal

framework provided by the Sanctions Act was considered to be the most effective and appropriate way to change the law and is in line with the approach which has been taken for associated sanctions measures.

## **7. Consultation**

### *Summary of consultation outcome and methodology*

- 7.1 No public consultation has been carried out on this instrument, however consultation was carried out in relation to the Sanctions Act.
- 7.2 There is neither a requirement in the Sanctions Act for public consultation on instruments made under the Sanctions Act, nor is there any other legal obligation to consult in respect of this instrument. His Majesty's Government will continue engagement with stakeholders on the implementation of UK sanctions.

## **8. Applicable Guidance**

- 8.1 In accordance with section 43 of the Sanctions and Anti-Money Laundering Act, applicable guidance will be published in relation to the prohibitions and requirements under these Regulations. This guidance will be available on GOV.UK once these regulations come into force.
- 8.2 Regarding the clarification of HMRC's responsibilities for the enforcement of trade sanctions, these provisions do not introduce new sanctions offences. Rather, the provisions amend the existing legal framework to align with HMRC's internal operational agreement for a criminal enforcement consideration. Therefore, we expect no impact on the end user as a result of these provisions and will not be producing external guidance.
- 8.3 Following the revocation of the Burundi (Sanctions) (EU Exit) Regulations 2019, relevant statutory guidance relating to the Burundi regulations on GOV.UK will be removed.

## **Part Two: Impact and the Better Regulation Framework**

## **9. Impact Assessment**

- 9.1 A full Impact Assessment has not been prepared for this instrument because of the low level of impact per business expected.

### *Impact on businesses, charities and voluntary bodies*

- 9.2 There is no significant impact on business, charities or voluntary bodies because the UK is not a significant exporter of battlefield goods to Belarus, alternative markets exist for aluminium imports, and the other amendments create powers – they do not guarantee their use.
- 9.3 The legislation does impact small or micro businesses.
- 9.4 Small and micro businesses will not be exempt from the requirements of the regulation as this would be inconsistent with the aims of the regulation.
- 9.5 There is no significant impact on the public sector because the main cost would be administration and enforcement and the infrastructure for this is already in place.

## **10. Monitoring and review**

*What is the approach to monitoring and reviewing this legislation?*

- 10.1 If His Majesty's Government determined that it was no longer appropriate to maintain a sanctions regime or specific sanctions measures, that regime would be removed or amended accordingly. This would include the measures introduced by this instrument. As such, the Minister does not consider that a review clause in this instrument is appropriate.

### **Part Three: Statements and Matters of Particular Interest to Parliament**

#### **11. Matters of special interest to Parliament**

- 11.1 This instrument, which is subject to the made affirmative procedure, is laid before Parliament on 15 May 2024 under section 55(3) of the Sanctions Act and comes into force on 16 May 2024.

#### **12. European Convention on Human Rights**

- 12.1 The Rt Hon Andrew Mitchell MP, Minister of State at the Foreign and Commonwealth Office, has made the following statement regarding Human Rights:  
“In my view the provisions of the Sanctions (Miscellaneous Amendments and Revocation) Regulations 2024 are compatible with the Convention rights.”

#### **13. The Relevant European Union Acts**

- 13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 (“relevant European Union Acts”).