

## CENTRAL BANK OF RUSSIA

### RELATED PROVISION: ARTICLE 5a(4) OF COUNCIL REGULATION 833/2014 FREQUENTLY ASKED QUESTIONS – AS OF 26 APRIL 2023

#### 1. Are the assets of the Central Bank of Russia frozen?

*Last update: 20 April 2022*

Pursuant to Article 5a(4) of [Council Regulation \(EU\) 833/2014](#), all transactions with the Central Bank of Russia are prohibited to the extent that they are related to "the management of reserves as well as of assets" of the Central Bank. A similar prohibition applies to the Belarussian Central Bank.

#### 2. Does Article 5a(4) of [Council Regulation \(EU\) No 833/2014](#) prohibiting transactions related to the management of reserves as well as of assets of the Central Bank of Russia also cover the conversion and foreign exchange transactions (EUR/USD to RUB) carried out by subsidiaries of EU companies in Russia through Russian commercial banks?

*Last update: 20 April 2022*

EU sanctions do not apply extra-territorially. Therefore, Russian subsidiaries of EU parent companies are not obliged to comply with the sanctions. However, it is prohibited for EU parent companies to use their Russian subsidiaries to circumvent the obligations that apply to the EU parent.

#### 3. Can you provide examples of which entities might be ‘acting on behalf of or at the direction of the Central Bank of Russia’?

*Last update: 20 April 2022*

This is a case-by-case assessment. The Central Bank of Russia may try to conduct operations via a variety of legal persons, entities or bodies.

#### 4. What criteria should be used to assess whether an entity acts on “behalf of or at the direction of the Central Bank of Russia”? To what extent do the criteria specified in the [Commission Opinion of 17 October 2019 on Article 5\(1\) of Council Regulation \(EU\) No 833/2014](#) still apply here, given that the Central Bank of Russia isn’t a corporate entity? *Last update: 20 April 2022*

This is a case-by-case assessment. Many of the examples of criteria provided in the quoted opinion remain relevant indeed: “*the precise ownership/control structure [...] ; the nature and purpose of the transaction, coupled with the stated business duties of the entity that is owned or controlled; previous instances of acting on behalf or at the direction of the targeted entity; disclosure made*

by third parties and/or factual evidence indicating that directions were given by the targeted entity”.

**5. Do payments of statutory taxes fall under the definition of “...transactions related to the management of reserves as well as assets” in Article 5a(4) of [Council Regulation 833/2014](#)? In other terms, does Article 5a of Council Regulation 833/2014 prevent EU-companies operating in Russia from paying usual statutory taxes in Russia directly to the Russian Central Bank?**

*Last update: 20 April 2022*

Paying lawfully due taxes in Russia does not amount to enabling the Russian Central Bank to manage its reserves or assets. Article 5a does therefore not apply to the payment of taxes.

**New reporting obligations introduced by Council Regulation (EU) 2023/427 of 25 February 2023 amending Council Regulation (EU) 833/2014 (‘10<sup>th</sup> Russia sanctions package’)**

*‘Immobilised’<sup>1</sup> assets reporting under article 5a(4) of Regulation n°833/2014*

**6. A common reporting template, reporting timelines**

*Last update: 26 April 2023*

A common template for reporting immobilised assets under article 5a(4) of Regulation n°833/2014 has been developed and is available [here](#) from the website of the European Commission, DG FISMA.

It can be used by operators that have immobilised assets to report to their NCAs and to the Commission. Operators that have not immobilised any assets are not expected to submit nil reports. The first reporting shall be provided by relevant operators no later than two weeks after 26 April 2023 to the competent authority of the Member State where they are resident or located, and simultaneously to the Commission. It shall be updated every three months.

The reporting requirement applying as from 27 April 2023, the value date for the reported assets should be that date (27 April). It is necessary to align subsequent reporting for the three monthly updates with quarterly reporting (e.g the first quarterly update would be based on Q2 value date, i.e. 30 June 2023).

**7. Where/ to whom to report on immobilised assets?**

*Last update: 26 April 2023*

Under art. 5a(4a) of Council Regulation (EU) No. 833/2014, reporting operators have to report “to the competent authority of the Member State where they are resident or located, and

<sup>1</sup> This term will be used in this FAQ to refer to the prohibition of transactions in Article 5a(4) of Regulation 833/2014.

*simultaneously to the Commission*". Contact details of competent NCAs and of the Commission are provided for in Annex I of Regulation 833/2014.

Regarding which national competent authority to report to and from an enforcement perspective, it matters that reporting lines point to the competent national authority that supervise and can enforce the reporting obligations. From an enforcement perspective, it matters that reporting lines point to the NCA that supervise and can enforce the reporting obligations. For instance, a branch of a financial institution headquartered in Member State A which is located in Member State B is supervised for its financial sanctions compliance by authorities in Member State B. It should therefore address its reports on frozen assets to the NCA in Member State B, unless it opts for group level reporting.

Reporting on group level (e.g a financial institution headquartered in Member State A reporting on group level to the NCA in Member State A for its operations in Member States A, B, C... ): reporting on group level could be possible on condition that NCAs in other Member States than the Member State where report is addressed are informed beforehand and receive a copy of the report indicating the respective national breakdown. The common template for reporting immobilised assets has been developed and is available [here](#) from the website of the European Commission, DG FISMA.