



HM Treasury

UK Maritime Services Prohibition and Oil Price Cap Guidance



November 2022

Prohibition and Oil Price Cap Guidance

Guidance for the UK ban on the provision of maritime transportation of, and associated services, for certain Russian oil and oil products.



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Russia (Sanctions) (EU Exit) regulations 2019

The Office of Financial Sanctions Implementation (OFSI), part of HM Treasury, is responsible for the implementation and enforcement of financial sanctions in the United Kingdom. OFSI publishes a list of individuals and organisations subject to financial sanctions as well as general guidance to promote compliance.

The Russia (Sanctions) (EU Exit) Regulations 2019 (the Regulations) impose financial, trade, transport, and immigration sanctions to encourage Russia to cease actions which destabilise Ukraine, including actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. Various amendments to the regulations have also been published under this regime, one of which this guidance will focus on. Please ensure you read the latest version of the Regulations which will incorporate all the amendments. The territorial extent of the Regulations includes the entirety of the UK (and the territorial sea), and the Regulations also apply to conduct by UK persons – both national and corporate bodies – outside of the UK.

OFSI guidance and Russia regulations

While there are different types of sanctions outlined in the Regulations, this guidance produced by OFSI covers the provision of maritime transportation of, and associated services for the maritime transportation of, certain Russian oil and oil products.

Any exceptions related to this set of restrictions, including the operation of general licences and instances where you may be able to apply for a specific licence from OFSI, are outlined below.

This guidance is designed to give an overview of the prohibitions and requirements under The Russia (Sanctions) (EU Exit) (Amendment) (No. 16) Regulations 2022 and, where appropriate, direct readers to further detailed information. It should be read alongside the legislation, which takes precedence over this guidance, the statutory guidance, and guidance from the Department for Business, Energy and Industrial Strategy (BEIS) on the prohibition of Russian oil and oil products being imported into the UK.

Crown Dependencies, as well as Bermuda and Gibraltar, will legislate for themselves to implement this measure in their own jurisdictions. The Statutory Instrument will apply automatically in the other Overseas Territories, though the UK Government will lay an Order in Council to ensure it can be implemented effectively in those jurisdictions.

Chapter 1

Purpose of the Ban

1.1 The UK and our allies have introduced some of the broadest and most severe sanctions against Russia that any country has ever faced. The Government of Russia is highly reliant on revenues from sales of oil and oil products, such as petrol and diesel.

1.2 These measures target the seaborne transportation of Russian oil and oil products under the harmonised system (HS) codes 2709 and 2710 (hereafter referred to as 'oil and oil products') from Russia to and between third countries, and the provision of associated services, impacting the revenues Russia will receive. The measures also include a 'price cap exception' through a General Licence, designed to reduce the upward pressure on energy prices caused by Russia's invasion of Ukraine.

1.3 For context, the UK and our allies are taking a multifaceted approach to sanctions on Russian oil and oil product exports. We are implementing the numbered list of measures below, for application in the UK and on UK persons, in alignment with our coalition partners, who are introducing the measures for application within their own jurisdictions.

- **Banning the import** of both Russian oil and oil products from 5 December 2022 which, taken together with our coalition partners, will substantially reduce the size of the global market for Russian oil and oil product exports and reduces exposure to unreliable Russian energy exports. This import ban is dealt with in the BEIS guidance.
- **Banning the maritime transportation** of Russian oil from 5 December 2022 and oil products from 5 February 2023. This ban applies to the maritime transportation of the oil and oil products from a place in Russia to a third country, or from one third country to another third country – i.e., countries that are neither the UK, the Isle of Man, or Russia. This further limits the size of Russia's export market and raises costs for those who continue to buy from them.
- **Banning the associated services which facilitate the maritime transportation** of Russian oil with effect from 5 December 2022; and for Russian oil products from 5 February 2023.
- **Introducing a coordinated price cap exception to the maritime transportation and associated services ban**, making UK services available to third country importers and exporters – so long as the price paid for Russian oil or oil products is at or below a price cap. This will deprive Russia of access to excess oil revenues by constraining its ability to sell at global market prices, while still enabling Russian oil to flow to the third countries that need it.

1.4 More information on the UK's full package of sanctions can be found [here](#).

Chapter 2

The UK's ban on the maritime transportation of Russian oil and oil products and associated services

2.1 These prohibitions will prevent persons in the UK and UK persons globally:

- 1) supplying or delivering by ship oil or oil products from a place in Russia to a third country or from one third country to another third country.
- 2) providing financial services, funds and brokering services to anyone globally who is supplying or delivering by ship oil and oil products, from a place in Russia to a third country, or from one third country to another third country.

2.2 The statutory instrument which gives effect to the ban is the Russia (Sanctions) (EU Exit) Regulations 2019 (as amended), referred to in this guidance as the "UK regulations". The ban on oil and oil products is set out in Chapter 4IA of Part 5. A copy of the UK regulations, as amended, can be found here: <https://www.legislation.gov.uk/ukxi/2022/1122/contents/made>

Maritime Transportation Ban

2.3 The maritime transportation ban prohibits the supply or delivery by ship oil and oil products (which originate in Russia or are consigned from Russia) from a place in Russia to a third country, or from one third country to another third country.

- This includes the transfer of goods between ships.
- A person supplying or delivering the oil or oil products includes a person who owns, controls, charters or operates a ship.
- The definition of ship includes every description of a vessel (including a hovercraft) used in navigation, except the naval, military or air-force ships of any country.

2.4 This prohibition applies to all persons within the territory and territorial sea of the UK and to all UK persons, wherever they are in the world. This means that:

- All individuals and legal entities who are within or undertake activities within the UK's territory must comply with this prohibition.
- All UK nationals and legal entities established under UK law, including their branches, must also comply with this prohibition.

Associated Services Ban

2.5 The UK regulations prohibit the provision of financial services, funds, or brokering services in pursuance of, or in connection with, an arrangement whose object or effect is the supply or delivery by ship oil and oil products, from a place in Russia to a third country, or from one third country to another third country.

2.6 The definitions of “brokering services”, “funds” and “financial services” are the same as the existing definitions in legislation set out in regulation 21(1) of the UK Regulations and sections 60(1) and 61(1) of the [Sanctions and Anti-Money-Laundering Act 2018](#). These can be found in Annex A of this document.

2.7 OFSI may choose to review these definitions in line with our allies to ensure the prohibition is functioning as intended.

2.8 The definition of ‘ownership and control of a ship’ is outlined in Annex B of this document. Full guidance on the remit of UK persons, and interaction with the ownership and control of other entities, can be found in [OFSI's General Guidance](#).

2.9 Whether or not goods “originate” in Russia will be determined in accordance with the non-preferential rules of origin. Detailed guidance on those rules can be found here: <https://www.gov.uk/guidance/check-your-goods-meet-the-rules-of-origin>.

Goods in scope

2.10 The following Harmonised System (HS) codes are in scope for the UK's ban on the maritime transportation of Russian oil and oil products:

HS Code	Description
2709	Petroleum oils and oils obtained from bituminous minerals, crude. Includes Clean Condensate.
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils. Includes HSFO, VGO, Kerosene.

2.11 These codes align with the coverage of the EU's sixth and eighth package of sanctions, and the goods in scope of the US Determination.

Who is an involved person and what are involved persons expected to do

2.12 The UK Regulations set out that an “involved person” has certain roles and responsibilities in connection with the maritime transportation ban and associated services ban.

2.13 An “involved person” means a person who is involved in either:

- a) the supply or delivery of oil or oil products; or
- b) the provision of financial services, funds, or brokering services relating to the supply or delivery of oil and oil products as defined in the UK Regulations.

2.14 Involved persons must:

- Ensure from 5 December 2022 that all transactions or services involving a) or b) with regard to 2709 Russian oil are such that the oil concerned is sold at or below the price cap.
- Ensure from 5 February 2023 that all transactions or services involving a) or b) with regard to 2710 Russian oil products are such that the products concerned are sold at or below the price cap.
- Comply with the attestation process detailed in the relevant General Licence and explained on page 19 of this guidance.
- Comply with the record keeping requirements in the relevant General Licence and explained on page 24 of this guidance.
- Report to HM Treasury as soon as practicable if, in the course of carrying on their business, they know or have reasonable cause to suspect a person is a designated person or has committed an offence (see Annex B for a list of offences). The person reporting suspicious behaviour should withdraw their contracted services with the person causing suspicion as soon as reasonably practicable.
- “Reasonable cause to suspect” refers to an objective test that asks whether there were factual circumstances from which an honest and reasonable person should have inferred knowledge or formed the suspicion. For example, a person’s refusal or reluctance to provide requested price information.

2.15 When reporting to OFSI, involved persons must provide the following (this list is not exhaustive):

- information or other matter on which the knowledge or suspicion is based;
- any information held by which the person or designated person can be identified;
- any related information held about the supply or delivery by ship, financial services or funds or brokering services provided;

- where possible, the nature, amount, value, or quantity of any goods or services related to the suspected offence at the time when the involved person first had the knowledge or suspicion.

Chapter 3

How will the bans be implemented and enforced?

Approach and reporting requirements

3.1 OFSI's approach is summarised by our compliance and enforcement model: promote, enable, respond and change. More information on OFSI's general enforcement approach can be found [here](#). OFSI can respond to a potential breach of sanctions in several ways, depending on the case. We will treat each suspected breach on its own merits. We will assess the facts to decide on an outcome that is fair, proportionate and best enforces the purpose of the sanctions regime.

3.2 The prohibition will be enforced by the Office of Financial Sanctions Implementation (OFSI) and there will be a robust enforcement regime backed up by a criminal prosecution.

3.3 The steps we could take in response to a breach include:

- issue a warning;
- refer regulated professionals or bodies to their relevant professional body or regulator in order to improve their compliance with relevant sanctions;
- publish information pertaining to a breach, even where no monetary penalty is imposed, if this is in the public interest;
- impose a monetary penalty; and
- refer the case to law enforcement agencies for criminal investigation and potential prosecution.

3.4 OFSI may undertake several of these actions in any particular case.

3.5 Those who have knowledge or suspicion of a suspected sanctions breach are required to submit the breach reporting form which can be found on our website.

3.6 Annex B sets out further information on what constitutes an offence for the purpose of the implementation and enforcement of the ban.

Approach to attestation process and liability

3.7 Recalling OFSI's sanctions enforcement powers and approach, and on the basis that a person can demonstrate to OFSI that they have fulfilled the requirements of the attestation process (described on page 19 of this guidance) in a timely manner and in full to OFSI's satisfaction, and undertaken appropriate due diligence, OFSI does not anticipate taking enforcement action on that person. This includes suspected breach cases where a counterparty has falsified an attestation; in which circumstances, OFSI would enforce against such a counterparty. It does not preclude enforcement actions in the case of suspected breaches not related to compliance with the attestation process, for example related to broader sanctions compliance processes and their effective implementation, or under extraordinary circumstances.

Due diligence

3.8 Actors relying on attestation or other price information documentation from Tier 1 actors (a definition of Tier 1 actors can be found on page 19 of this guidance), or any associated counterparties, must undertake sufficient due diligence to satisfy themselves, based on the information available, of the reliability and accuracy of that information. This process might reasonably include considering the international scope of their activities, assessing their own exposure, considering their own risk appetite, seeking legal advice as appropriate, and implementing appropriate due diligence measures to identify and mitigate potential risks of breaching trade sanctions.

3.9 OFSI does not mandate specific measures to be taken. However, entities subject to existing due diligence requirements (for example, Customer Due Diligence through their regulatory supervision) should apply the same standards when operating under this regime and be able to evidence the measures undertaken to OFSI when asked.

Monetary penalties

3.10 As outlined previously, OFSI can impose civil monetary penalties for breaches of these trade sanctions on a strict liability basis. This means there is no requirement for OFSI to consider whether the person knew or had reasonable cause to suspect the relevant conduct amounted to a breach of sanctions when considering whether to impose a civil monetary penalty. However, OFSI will still need to demonstrate on the balance of probabilities that a breach occurred.

3.11 'Balance of probabilities' is the civil standard of proof and means OFSI considers that, based on the evidence, the occurrence of the breach was more likely than not. We will not be seeking to prove facts beyond reasonable doubt (the criminal standard), but to make a judgement on whether it is more likely than not that they are true.

3.12 Where it is possible to estimate the value of the breach of the prohibition, the permitted maximum penalty is the greater of £1,000,000 or 50% of the estimated value of the breach. In any other case, the permitted maximum is £1,000,000. OFSI may impose a monetary penalty if satisfied on

the balance of probabilities, that an offence (under regulations 46Z9B to 46Z9D of the UK Regulations) has been committed.

Coordination with the EU, G7 and Coalition partner bans

3.13 The UK's prohibitions are aligned with our international allies as far as possible. The G7, including the EU, has committed to implement coordinated bans and has been joined by Australia.

3.14 The EU's measures are currently in force, with wind-down periods for certain transactions for oil until 5 December 2022 and for oil products until 5 February 2023 ([EU Regulation 2022/879](#)). The UK Government has worked with our partners to ensure alignment across jurisdictions in terms of the goods and services covered by these bans, as well as details of implementation and enforcement where possible.

Chapter 4

Exceptions and licensing

“The oil price cap”

4.1 To ensure the continued flow of oil onto the global market, whilst increasing economic pressure on Russia’s illegal war, **a ‘price cap’ exception will be provided for the supply or delivery by ship of Russian oil and oil products and associated services.**

4.2 This price cap exception will permit the supply or delivery by ship of Russian oil and oil products, as well as provision of associated services, **only where they have been purchased or sold at or below a corresponding set price, or ‘cap’ for that oil or oil product, regardless of destination.**

4.3 The price cap exception is set out in the relevant General Licence. This licence will be published alongside other OFSI general licences at: <http://www.gov.uk/government/collections/ofsi-general-licences>.

4.4 The cap covers only the price of the oil or oil product. Ancillary costs including, but not limited to, transportation and legal fees are not within the scope of the cap.

4.5 The cap applies from receipt of cargo on a ship, up to the point where it is delivered and passes through customs controls in a third country, or is substantially transformed into a different good in line with non-preferential Rules of Origin. In this case, a substantial transformation is a transformation into a good such that the product then comes under a different HS code.

4.6 Russian oil and oil products will be considered to be at or below the price cap when the unit price of the oil is at or below the price cap at the date of the most recent transaction.

- The unit price is the price per barrel of the oil or oil products.
- The most recent transaction is the most recent transaction in the period of time between the oil or oil products first being loaded onto the ship, and the oil or oil products being offloaded at a third country (at the point at which the oil or oil products pass through customs control in that country).

4.7 OFSI is aware of the potential for the costs of shipping and other services relevant to the transit of the oil in question to be used as a route for circumvention of the cap. In line with requirements on entities involved in transactions to report any knowledge or reasonable suspicion of an offence being committed to OFSI under regulation 70(1A) of the UK regulations, entities should report to OFSI when they become aware of a transaction for shipping or associated services where prices deviate significantly from the standard prices available in the market at that point in time.

4.8 The price cap exception is not applicable to the import of Russian oil and oil products into the UK and does not overrule any prohibitions enacted by third countries on the import of Russian oil and/or oil products into their own jurisdictions. The General Licence does not permit any activities which would otherwise breach UK sanctions, other than those activities clearly stated within it.

4.9 Specific exceptions and licensing powers are contained in the UK regulations and can allow otherwise prohibited transactions and prohibited activity to take place in some circumstances. A licence is a written permission from OFSI allowing an act that would otherwise breach prohibitions imposed by sanctions. An exception to a prohibition applies automatically in certain defined circumstances as set out in the regulations and does not require you to obtain a licence from OFSI. You may be required to notify OFSI of the use of an exception, and you should check the regulations before relying on the exception.

Exceptions

4.10 There are two exceptions in the regulations to the prohibitions on the provision of maritime transportation and associated services for Russian oil and oil products. The first exception is for when dealing with an emergency. The prohibitions will not apply to any person performing an act that assists with the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health or safety, infrastructure, or the environment. Any person purporting to act under this exception, must notify OFSI within 5 working days of the act. This notification must be sent to oilpricecap.ofsi@hmtreasury.gov.uk.

4.11 The second exception permits activity that would otherwise be prohibited, where the oil and oil products do not originate in Russia, are not owned by a person connected with Russia, and are only being loaded in, departing from or transiting through Russia.

General Licence

4.12 The Oil Price Cap will be implemented by means of general licences. A general licence, issued by OFSI on behalf of HM Treasury, allows multiple parties to undertake specified activities which would otherwise be prohibited by sanctions legislation, without the need for a specific licence.

4.13 It is the responsibility of any party using a general licence to ensure the activities they undertake fall within the terms of the licence and that they comply with any conditions of the licence.

4.14 General licences issued by OFSI can be found at: <https://www.gov.uk/government/collections/ofsi-general-licences>.

Specific Licence

4.15 Where a transaction involves Russian oil or oil products at a price above the oil price cap, you may be able to obtain a licence to allow the activity to take place without breaching trade sanctions. It is important to note that OFSI can only issue licences where there are specific and relevant licensing grounds enabling us to do so, and where the conditions in those

grounds have been met. You must provide evidence to support an application and demonstrate that all criteria have been met.

4.16 There is currently only one licensing ground – extraordinary situations – although we will keep this under review. The OFSI approach on extraordinary situations is:

- The situation must be extraordinary in nature (unexpected, unavoidable and not recurring).
- This ground applies to non-UN designated persons and enables anything to be done to deal with an extraordinary situation. This will enable a situation which is extraordinary in nature but does not necessarily involve an expense.

4.17 The available ground can be found in the legislation: [The Russia \(Sanctions\) \(EU Exit\) Regulations 2019 \(legislation.gov.uk\)](#).

4.18 Licences cannot be issued retrospectively to permit activity which has occurred in breach of sanctions. If you have carried out an act that required a licence, without having obtained one beforehand, you may have breached trade sanctions and you should consult part 3 (page 12) of this guidance immediately.

4.19 It is important to note that OFSI only issues licences in relation to its areas of competence; an OFSI licence does not confirm that a particular transaction as a whole is lawful under trade sanctions regulations.

4.20 When applying to OFSI for a licence you must provide evidence to support an application and demonstrate that all criteria of the relevant licensing ground (where applicable) have been met. Incomplete applications will not be considered and will be returned to the applicant for re-submission. OFSI will endeavour to assist applicants who contact us to understand the licensing process as well as our evidentiary requirements. However, we cannot provide legal advice and applicants should consider taking independent legal advice before applying, especially for complex matters.

4.21 OFSI expects that legal and professional advisers will have fully considered the relevant law and formed a view about an application before approaching OFSI for guidance or submitting an application.

4.22 OFSI does not charge for licences.

4.23 For more information on how to apply for a specific licence, please visit: <https://www.gov.uk/guidance/licences-that-allow-activity-prohibited-by-financial-sanctions>.

4.24 Specific licences issued by OFSI come with conditions that often require information to be reported to OFSI within a specific time frame. A failure to comply with these reporting requirements may result in the revocation, suspension or variation of a licence or further restrictions being included in it. It may also result in a criminal prosecution or monetary penalty. Legal advisors should proactively engage with their clients about the need to provide information to meet the reporting requirements in licences.

4.25 Further detail on where the ban won't apply can be found in Annex C.

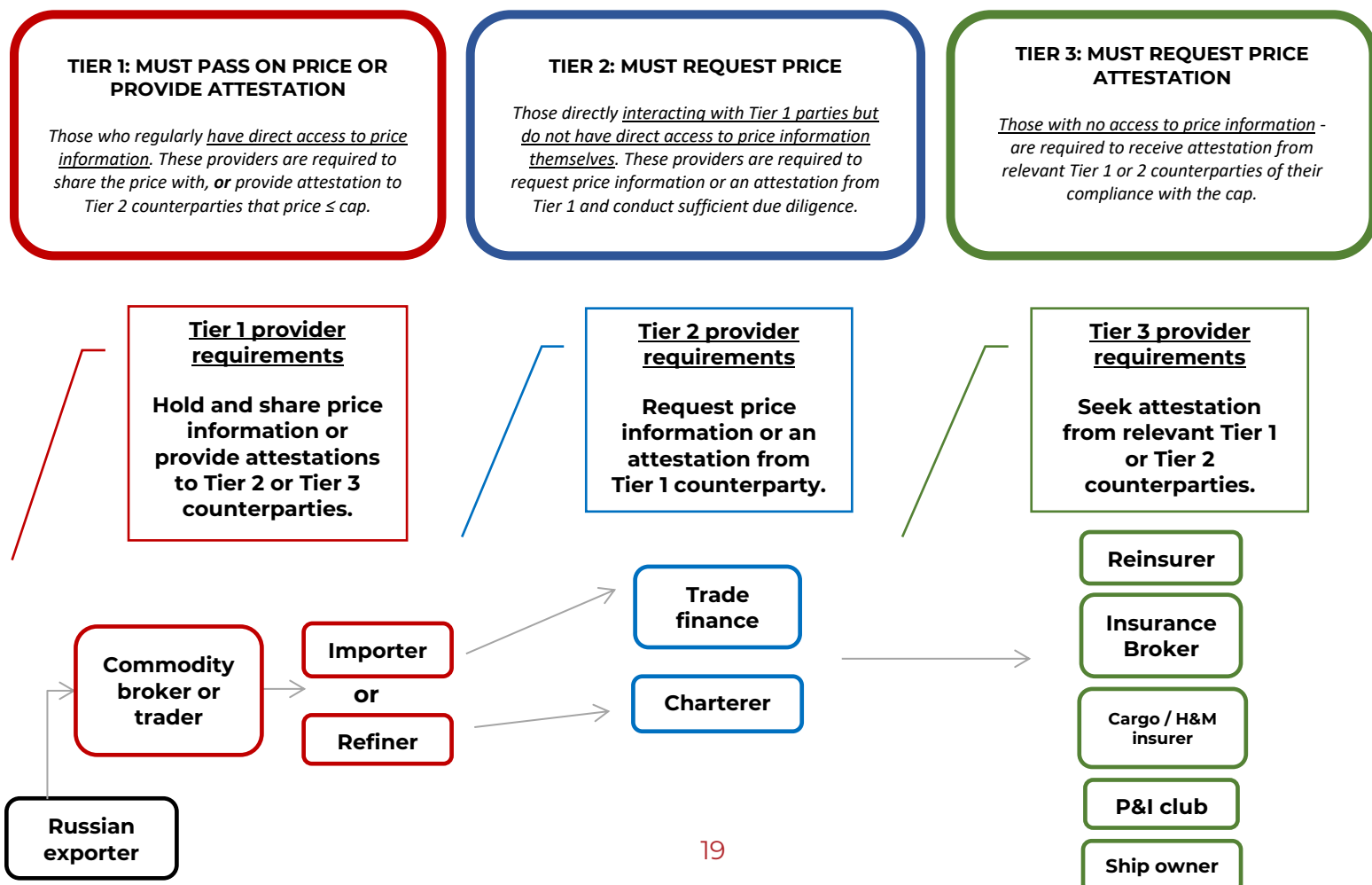
Chapter 5

How attestation works

5.1 The attestation process is designed to put different levels of requirement onto different actors in the oil supply chain, depending on whether they routinely know the price paid in their ordinary course of business and how often they transact. Those closest to the price information and transacting regularly (such as oil traders and brokers) will have greater requirements under the attestation system than those further from the price information or transacting annually (such as maritime insurers).

5.2 All parties involved in the maritime supply chain, including ship owners and insurers, will need to retain and share price information and/or attestations. The provision of false or misleading information during the attestation process will be considered a breach of regulation 67 (licensing offences) of the UK regulations.

Simplified attestation model outlining price information or attestation sharing requirements per tier



5.3 The attestation process divides the market into three tiers, depending on their access to price information about the oil cargo in their ordinary course of business and regularity of transaction.

Tier 1: Persons holding price information

5.4 Tier 1 includes persons who regularly have direct access to the price paid for a cargo in their ordinary course of business, for example:

- importers;
- commodities brokers; and
- commodities traders.

5.5 Tier 1 persons must:

- retain that price information and share it with Tier 2 and 3 actors upon request.

5.6 When sharing price information, Tier 1 persons must share information on:

- the unit price;
- details as to the most recent transaction (including point of departure and ultimate destination, the unit price of the oil at the time of the transaction and the price cap at the time of the transaction); and
- details of the price cap at the time of sharing the price information.

5.7 Examples of information or documentation deemed suitable for the purposes of sharing the price information include invoices, contracts, or receipts/proof of accounts payable.

5.8 If it is not practicable for an entity to share price information with counterparties, they must provide a signed attestation that the price paid, on a per-barrel basis (i.e. the unit price), does not breach the price cap set out in the General Licence on the date of the transaction.

5.9 Persons might choose to provide both original price information and a signed attestation to reassure their counterparties.

5.10 A sample attestation document which can be signed will be available for use on the OFSI website.

Tier 2: Persons directly interacting with parties with price information

5.11 Tier 2 includes, but is not limited to:

- financial institutions providing trade finance;
- shipping companies chartering a vessel for the purposes of shipping a consignment of Russian oil or oil products from a place in Russia to a third country, or from one third country to another third country.

5.12 Tier 2 comprises persons who enter a transaction with a Tier 1 company relating to the supply or delivery by ship of Russian oil or oil products, but do not themselves have direct access to the price information.

5.13 Tier 2 persons must:

- request and retain that price information and/or a signed attestation from their Tier 1 counterparty.
- share this price information/attestation onward in the chain with any counterparty that requests it.
- be in receipt of either price information or a signed attestation from their Tier 1 counterparty, before completing any transaction. If they are not in receipt of that information, they must not proceed with the transaction if the Tier 1 counterparty does not comply with the Tier 2 entity's request within 5 working days.
- ask for and receive confirmation that their Tier 1 counterparty has reported its use of OFSI's General Licence(s) as required.
- undertake sufficient due diligence on Tier 1 providers (or any associated counterparties) to satisfy themselves, based on the information available, of the reliability of any information provided by the Tier 1 pursuant to a request for the price information/attestation.

Tier 3: Entities with no direct access to price information

5.14 Those in the Tier 3 group include, but are not limited to:

- insurance brokers
- cargo insurers;
- protection and indemnity insurers;
- re-insurers.

5.15 Entities in Tier 3 with no access to price information, either through their own transactions or those of their Tier 1 or Tier 2 counterparties, are required to:

- ensure the counterparty has committed not to purchase Russian oil or oil products above the price cap – either through provision of a signed attestation or inclusion of an attestation in contractual obligations; and
- if transacting with a Tier 1 actor, ask for and receive confirmation that their Tier 1 counterparty has reported its use of OFSI's General Licence(s) as below.

5.16 Tier 3 entities that are providing insurance, or other periodic services, for the purposes of the supply or delivery by ship of Russian oil on or after 5 December 2022, or Russian oil products on or after 5 February 2023, from a place in Russia to a third country or from one third country to another third country, may obtain a signed attestation as part of their annual insurance policy review, or any other periodic review of service agreements. As such,

attestations may cover multiple instances of supply or delivery, as long as the Russian oil or oil products are being traded at or below the price cap.

5.17 A UK service provider has a legal requirement under regulation 70 of the UK regulations to report a breach of the prohibitions to OFSI. The provider should withdraw their services as soon as reasonably practicable, should they suspect a breach of UK sanctions has occurred

Types of Attestation

5.18 A UK service provider has a legal requirement under regulation 70 of the UK regulations to report a breach of the prohibitions to OFSI. The provider should withdraw their services as soon as reasonably practicable, should they suspect a breach of UK sanctions has occurred

Documentation must include:

- the name, address and details of both parties involved in the transaction for which the attestation is required;
- the signature of representatives of both parties;
- details of the person providing the attestation based on their knowledge of the price information;
- any associated documentation, even if this person is not directly involved in the transaction proposed.

While persons have the choice of designing an attestation most applicable to their existing processes and market, we have provided an example attestation below for persons to use if they choose to do so.

- *[Party to the contract/service] confirms that for [the service being provided], [party to the contract/service] is in compliance with the Russian price cap framework and any other restrictions on the supply or delivery of Russian oil and/or oil products applicable to [party to the contract/service].*
- *[Party to the contract/service] attests that:*
 - *[Party to the contract/service] has received and retained price information demonstrating that the Russian oil and/or oil products was/were purchased at or below the cap; or*
 - *Where not practicable to request and receive such information, [party to the contract/service] has obtained a signed attestation that the Russian oil and/or oil products was/were purchased at or below the cap; or*
 - *[Party to the contract/service] has received a signed attestation that the purchase of the Russian oil and/or oil products was pursuant to a licence or an exception.*

[Signature of the Customer]

5.19 The attestation may also be obtained as part of the annual insurance policy review, or when updates are required to a service agreement. The attestation may cover multiple instances of supply or delivery and can apply to a whole service agreement. Those service providers who carry out periodic spot-checks of time-linked service contracts to ensure compliance, should continue to do so with regard to the price cap, thereby offering an opportunity to verify compliance with the cap. Those that do not currently undertake such checks should consider doing so where reasonable and practicable in terms of their day-to-day operations.

5.20 The attestation must be retained for a period of four years beyond the end of the calendar year in which the attestation was created if the parties are relying on the General Licence. The attestation must be provided within the time and in the manner specified on request.

Please see examples of using the attestation process in Annex 4.

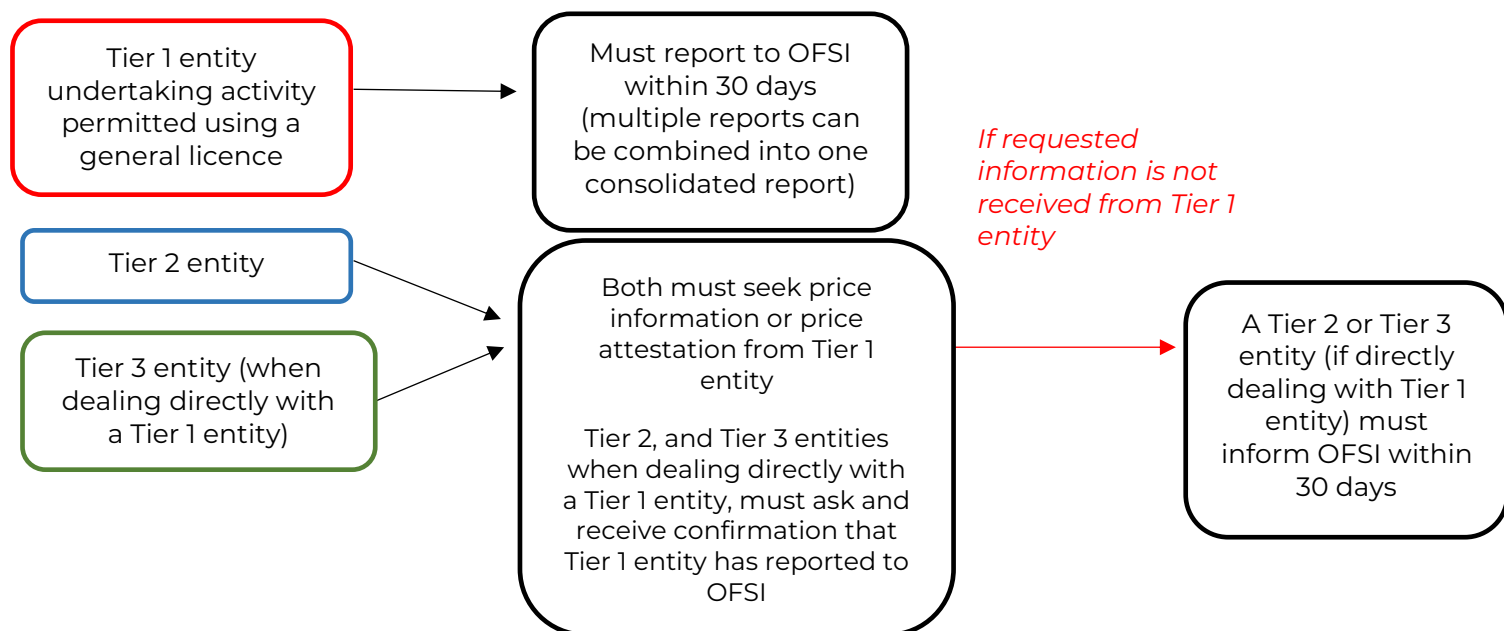
Chapter 6

Reporting

6.1 A Tier 1 entity is required to report to OFSI each time they undertake activity purporting to be permitted using a General Licence issued by OFSI. This includes instances where several activities or occurrence of activities are covered under a single contract. These activities must be notified to OFSI within 30 days of each transaction. Where there are multiple reports required from the same entity (e.g. 10+ such occasions per 30 day period), the entity may combine them into one consolidated report, e.g. for activities occurring 1-30 November, a consolidated report would need to be submitted by 1 December.

6.2 A Tier 2 or Tier 3 entity seeking attestation from a Tier 1 entity is required to ask and receive confirmation that the Tier 1 entity has reported to OFSI as above. Where they do not receive this confirmation, the Tier 2 or 3 entity is required to inform OFSI of this within 30 days and withdraw their services as soon as reasonably practicable.

Reporting Requirements



6.3 A Tier 1 entity must notify OFSI at oilpricecap.ofsi@hmtreasury.gov.uk and using the OPC standardised reporting form, which will be published on the OFSI website. Should the details of that notification change, you must notify OFSI. Entities must also maintain any documentation relating to a transaction for which the licence was utilised for a minimum of 4 years beyond the end of the calendar year in which the record was created.

6.4 Records must be accurate, complete and readable in English and may be stored electronically or on paper. The records must demonstrate adherence to the conditions and obligations of the relevant general licence. Such records must detail:

- a description of the activity taking place under the General Licence;
- a description of the nature of any goods, services or funds to which the activity relates;
- the date of the activity or the dates between which the activity took place;
- the value and/or quantity of any goods, services or funds to which the activity relates;
- the person's name and address;
- the name and address of any consignee of goods to which the activity relates or any recipient of services or funds to which the activity relates;
- in so far as it is known to the person, the name and address of the end-user of the goods, services or funds to which the activity relates;
- if different from the person, the name and address of the supplier of any goods to which the activity relates; and
- where relevant, copies of any attestation produced or supplied.

6.5 These records need not be consolidated, and the information may be held in different agreements or correspondence. However, you should be able to produce these records in a timely fashion when requested by OFSI.

Annex A

Definition of Services in scope

The definitions of “brokering services”, “funds” and “financial services” are the same as the existing definitions in legislation set out in regulation 21(1) of the UK Regulations and sections 60(1) and 61(1) of the Sanctions and Anti-Money-Laundering Act 2018 ([link](#)). These definitions include, but are not limited to:

- **“Brokering service” means** any service to secure, or otherwise in relation to, an arrangement, including (but not limited to):
 - the selection or introduction of persons as parties or potential parties to the arrangement;
 - the negotiation of the arrangement;
 - the facilitation of anything that enables the arrangement to be entered into; and
 - the provision of any assistance that in any way promotes or facilitates the arrangement.
- **“Funds” means** financial assets and benefits of every kind, including (but not limited to):
 - cash, cheques, claims on money, drafts, money orders and other payment instruments;
 - deposits, balances on accounts, debts and debt obligations;
 - publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivative products;
 - interest, dividends and other income on or value accruing from or generated by assets;
 - credit, rights of set-off, guarantees, performance bonds and other financial commitments;
 - letters of credit, bills of lading and bills of sale;
 - documents providing evidence of an interest in funds or financial resources;
 - any other instrument of export financing.

- **“Financial services” means** any service of a financial nature, including (but not limited to)—
 - (a) insurance-related services consisting of—
 - i. direct life assurance;
 - ii. direct insurance other than life assurance;
 - iii. reinsurance and retrocession;
 - iv. insurance intermediation, such as brokerage and agency;
 - v. services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services;
 - (b) banking and other financial services consisting of—
 - i. accepting deposits and other repayable funds;
 - ii. lending (including consumer credit, mortgage credit, factoring and financing of commercial transactions);
 - iii. financial leasing;
 - iv. payment and money transmission services (including credit, charge and debit cards, travellers' cheques and bankers' drafts);
 - v. providing guarantees or commitments;
 - vi. financial trading (as defined in subsection (2));
 - vii. participating in issues of any kind of securities (including underwriting and placement as an agent, whether publicly or privately) and providing services related to such issues;
 - viii. money brokering;
 - ix. asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;
 - x. settlement and clearing services for financial assets (including securities, derivative products and other negotiable instruments);
 - xi. providing or transferring financial information, and financial data processing or related software (but only by suppliers of other financial services);
 - xii. providing advisory and other auxiliary financial services in respect of any activity listed in sub-paragraphs (i) to (xi) (including credit reference and analysis, investment and

portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy).

The UK will align with the rest of the G7 in excluding processing, clearing and sending payments by intermediary banks from the prohibited services. This will be implemented through a General Licence under the Russia (Sanctions) (EU Exit) (Amendment) (No. 16) Regulations 2022 to be published before December 5, 2022.

Annex B

Other definitions

Definition of ownership or control of a ship

The ownership or control of a ship is set out in regulations 571(1)(a) and 571(1)(b) of the Russia Regulations which provide that a ship is:

- a) “owned” by a person if—
 - i. the legal title to the ship, or to any share in the ship, is vested in the person, or in a person who is owned or controlled directly or indirectly (within the meaning of regulation 7) by that person, or
 - ii. the person, or a person who is owned or controlled directly or indirectly (within the meaning of regulation 7) by that person, has a beneficial interest in the ship or in any share in the ship; and
- b) “controlled” by a person who is able to take decisions about its operation, including (but not limited to) decisions about the route the ship may take and the appointment of master or crew.

What is an offence

For illustrative purposes, below is a demonstrative list of offences (please note this is not an exhaustive list and does not include cases where a licence to permit the activity has been issued by OFSI):

- It is an offence for a person to supply or deliver by ship Russian oil or oil products, from a place in Russia to a third country or from one third country to another third country from the relevant date (5 December 2022 for Russian oil / 5 February 2023 for Russian oil products), if the oil has been purchased above the price cap.
 - This includes any transfer of the goods concerned between ships on which those goods are being supplied or delivered;
 - This includes any person that owns, controls, charters or operates a ship on which those goods are being carried or from or to which those goods are being transferred.
- It is an offence to provide financial services, funds, or brokering services to anyone globally who is transporting Russian oil or oil products by ship, after the relevant date (5 December 2022 for Russian oil or 5 February 2023 for Russian oil products) from a place in Russia to a third country, or from one third country to another third country, if the oil or oil product has been purchased above the price cap.

- It is an offence to withhold information from OFSI, if the person knows or has reasonable cause to suspect that a person has committed an offence (i.e. supplied or delivered by ship oil or oil products from a place in Russia to a third country or from one third country to another third country; or provided financial services, funds or brokering services relating to that supply or delivery; or purported to act under the authority of a licence but failed to comply with any condition of that licence) and the information or other matter on which that knowledge or cause for suspicion is based came to them in the course of carrying on their business e.g., not providing price information.
- It is an offence to circumvent prohibitions (see Annex C - 'where the ban won't apply').
- It is an offence for persons to refuse or fail to comply with a request for information from OFSI (without reasonable excuse); to knowingly or recklessly to give any information or documentation which is false in response to such a request; with intent to evade any request for information or documents, to destroy, mutilate, deface, conceal or remove any document; or otherwise intentionally obstruct OFSI.
- It is an offence for persons to purport to act under the authority of a licence but fail to comply with any condition of that licence e.g. not undertaking the information sharing or attestation requirements outlined within the General Licence.

What is not an offence

For illustrative purposes, please see below a demonstrative list of instances which are not an offence (please note this is not an exhaustive list).

- It is not an offence to:
 - a. supply or deliver by ship oil and oil products from a place in Russia to a third country, or between third countries, or
 - b. provide financial or brokering services or funds to anyone globally who is supplying or delivering by ship oil and oil products from a place in Russia to a third country, or between third countries, if:
 - It is to deal with an emergency e.g., to clear up an oil spill (see 'exceptions', page 15).
 - The oil was loaded onto a ship before 12.01am on 5 December 2022 and will be delivered and clear customs in a third country before 12.01am on 19 January 2023.
 - It involves 'tank heeling' or a de minimis amount of Russian oil left over in the bottom of a container or tank (see Annex C 'where the ban won't apply'). However, non-Russian oil or oil products which are blended with Russian oil or oil products will be subject to the prohibitions and price cap.

Blending alone does not count as substantial transformation.

- The oil products are loaded in, transit through or depart from Russia, and the oil products do not originate in Russia and are not owned by a person connected with Russia (see Annex C 'where the ban won't apply').
- The activity has been licensed by OFSI (see 'exceptions to the bans', page 15).
- If the oil has been purchased at a price below the price cap.

Annex C

Where the ban won't apply

The following examples should not lead to a breach of the UK's sanctions in relation to Russian oil and oil products:

- "Tank Heel": When a container (not located in Russia) has previously been used to transport or store Russian oil or oil products, an unpumpable quantity of substance 'tank heel' may remain at the base of the container, i.e. a substance which could not be removed from the container without causing damage to the container. If non-Russian oil is added to the container, it will co-mingle with the Russian tank heel. The non-Russian products held in the tank (e.g. the co-mingled Russian tank heel and non-Russian oil) can still be transported from a place in Russia to a third country, or between one third country and another third country.
- Oil and oil products of non-Russian origin will be permitted if they transit through or depart from Russia, with minimal Russian oil residue: The UK regulations also contain a specific exception for certain products that transit, are loaded in or depart from Russia – see regulation 60HA. This applies where:
 - i. the goods do not originate in Russia;
 - ii. the goods are not owned by a person connected with Russia; and
 - iii. the goods are only being loaded in, departing from, or transiting through Russia.

Therefore, the prohibitions will not apply where Russia is identified as the state of export in the customs declarations if the country of origin for the oil or oil products is identified in those declarations as a third country, and the goods are not owned by a person connected with Russia.

- For instance, the Caspian Pipeline Consortium pipeline transports Kazakh oil through Russia. The mixed oil is majority Kazakhstan oil, with some unavoidable Russian residue. Our intention is that this oil can be transported as it is of Kazakh origin.

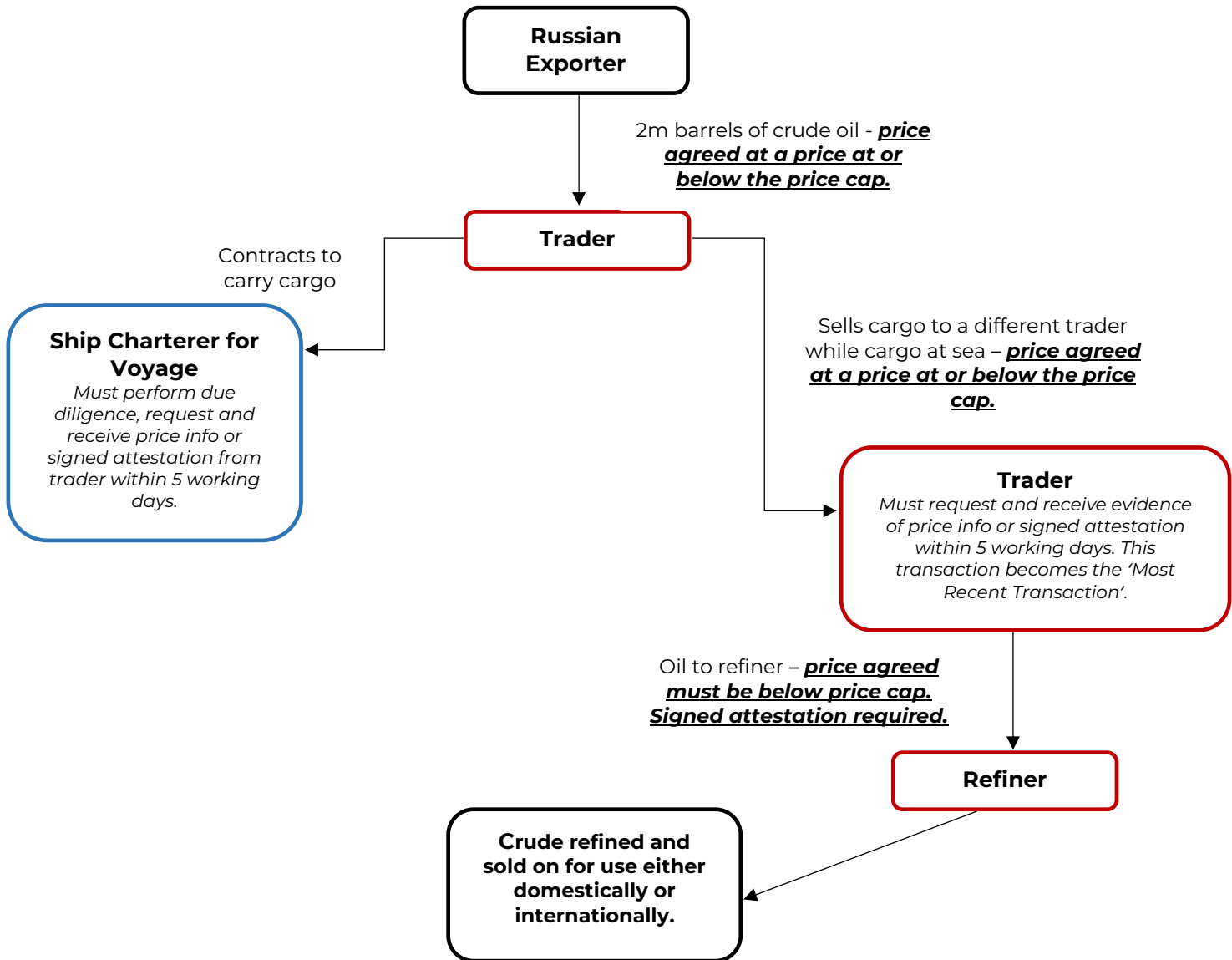
Annex D

Using the attestation Process – examples

Example 1: Change of ownership during shipment

- A trader buys a cargo of 2 million barrels of crude oil from a Russian exporter (crude oil falls within HS code 2709 and therefore the supply or delivery of the oil is prohibited). **The cap applies to this transaction** – as such, the price agreed must be at a price at or below the cap for this transaction not to breach the prohibitions set out above.
- The trader contracts a shipping company to carry the cargo. The pricing terms for the shipment sit outside the price cap. However, as the shipping company, a Tier 2 provider, is interacting with the trader, a Tier 1 provider, the shipper must request price information for the oil, or a signed attestation. The shipper must undertake due diligence to satisfy themselves, and be prepared to satisfy OFSI, of the trader's identity. The shipper must either receive price information, or a signed attestation that the price paid for the oil was at or below the price cap, from the trader within 5 working days before proceeding with this transaction.
- The trader sells the cargo on to a different trader while the ship is at sea. **The cap applies to this transaction, and this transaction/sale becomes the 'Most Recent Transaction' (per the General Licence)** – as the good being traded is in maritime transit, and therefore has not reached the point of customs control in a third country where the cap is lifted. The second trader is also required to request evidence of price information, or a signed attestation, that the first trader bought the oil at a price at or below the price cap. The second trader is bound by the Customer Due Diligence rules under Anti-Money Laundering legislation, so applies the same standard to this transaction. They should also ask for and receive confirmation that their Tier 1 counterparty has reported their use of a General Licence(s) to OFSI.
- **Trader to refiner - the cap applies to this transaction** – as such, the price agreed must be at or below the relevant price cap. As above, a signed attestation and relevant due diligence is required. They should also ask for and receive confirmation that their Tier 1 (and where relevant Tier 2) counterparty has reported their use of a General Licence(s) to OFSI.
- The refiner refines the crude, and sells it on for use, either domestically or internationally. **The cap does not apply to this transaction.** The

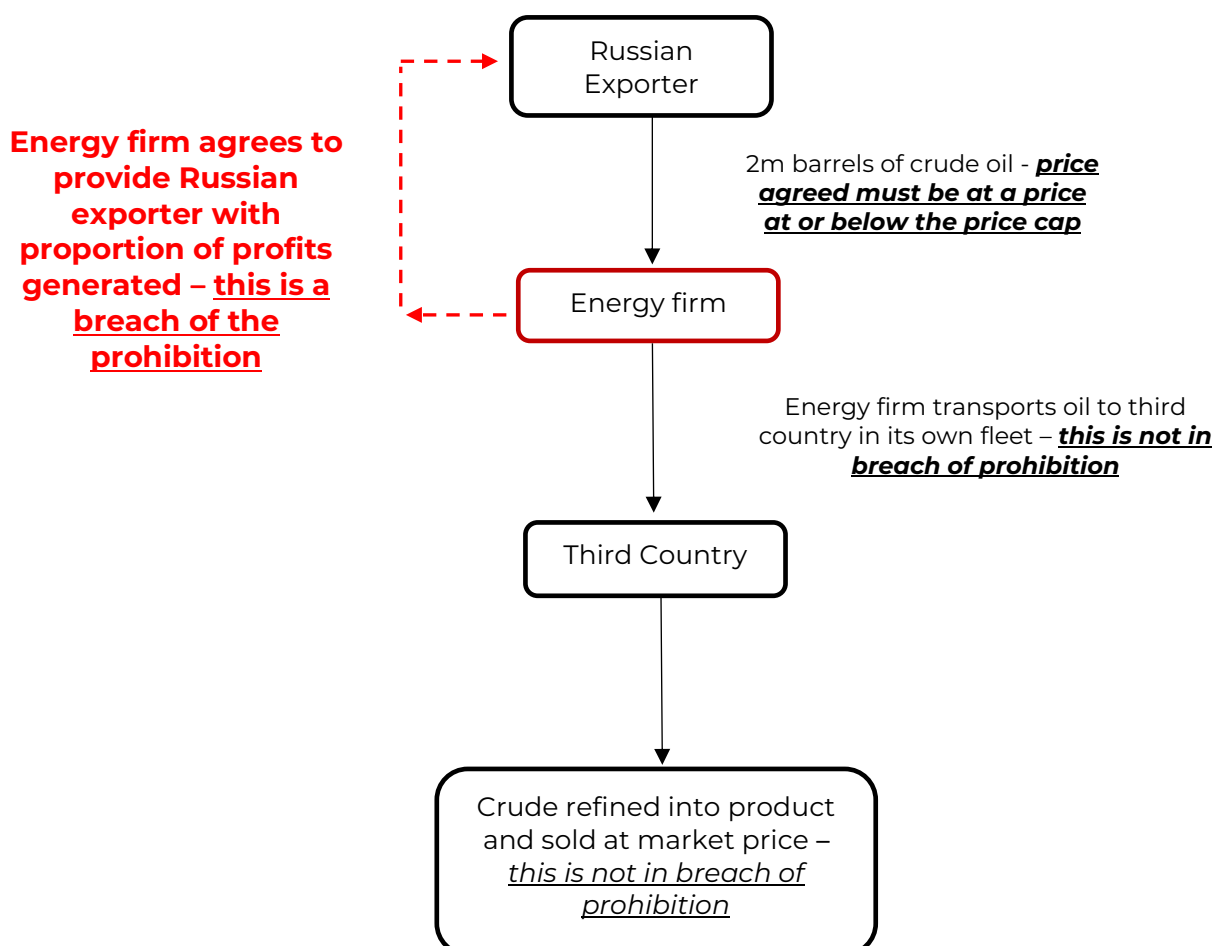
product has passed through customs in a third country, and there has been a substantial transformation of the good.



The cap does not apply to this transaction. The product has passed through customs in a third country, and there has been a substantial transformation of the good.

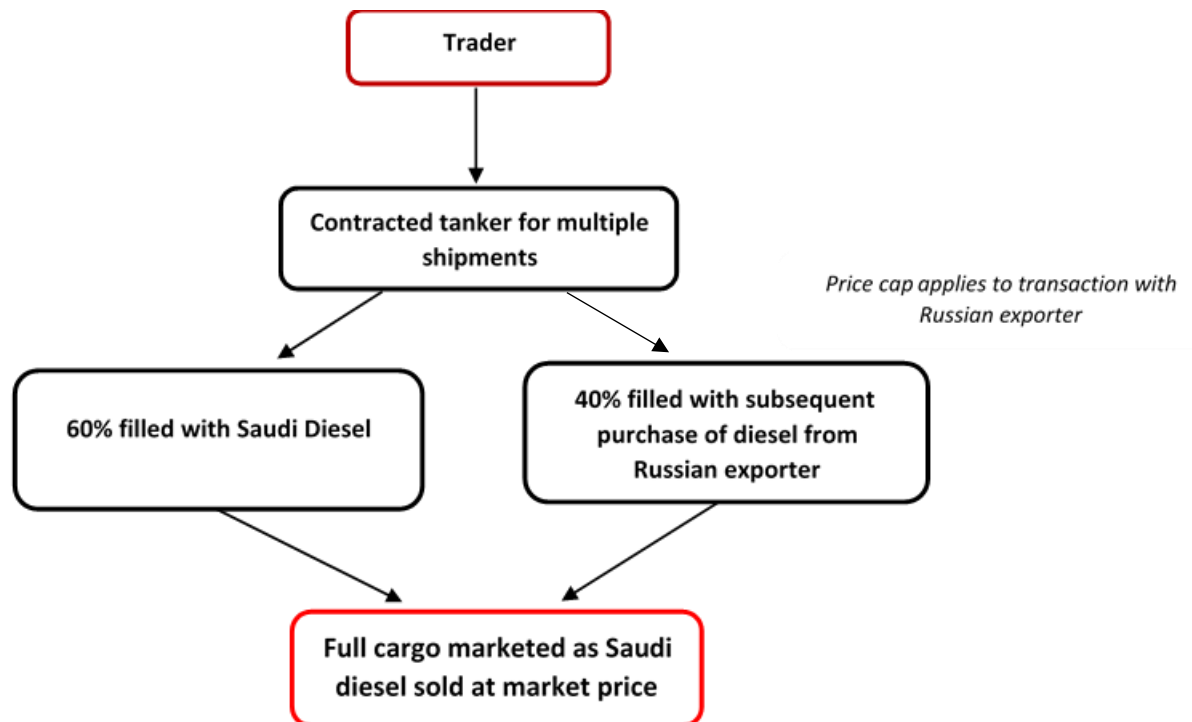
Example 2: Transport and circumvention

- A vertically integrated energy firm buys 2 million barrels of crude oil from a Russian exporter at a price at or below the price cap.
- The firm transports the oil on a ship in its own fleet to a third country. It then refines the crude into products and sells these at market price. **This is not in breach of the prohibition.**
- However, the firm has agreed to provide the Russian exporter with a proportion of the profits or revenues generated through sale of the products. **This is in breach of the prohibition**, as the firm has breached the cap when securing the oil from the Russian exporter (see immediately below).
- The provision of any monetary or non-monetary benefits to the Russian exporter, the Russian state or entities linked with Russia at any time in return for access to Russian oil and/or oil products seemingly at a price at or below the cap will be considered circumvention of the prohibitions set out above, and therefore in breach of the prohibition. This includes the buying of other goods from Russian entities at a rate significantly above the market price, or the sale of goods and services at rates significantly below the market price. This list is not exhaustive, and firms should be assured that any attempt to circumvent the prohibitions laid out in the UK regulations will be subject to investigation and enforcement activities by the relevant authorities.



Example 3: Transport of products

- An oil trader contracting a tanker for multiple shipments is 60% filled with Saudi diesel. It then purchases diesel from a Russian exporter and fills the tanker with the Russian product. **The cap applies to this transaction.**
- It then sells on the full cargo, all marketed as 'Saudi diesel', to a buyer from a third country at the market price. **This is in breach of the prohibition.** No substantial transformation has taken place; as such, the Russian element of the shipment remains subject to the cap up to the point that it crosses customs in a third country.



This is in **breach of the prohibition** – no substantial transformation has taken place. Russian element of shipment remains subject to price cap until it crosses customs in a third country.