



Office of Financial
Sanctions Implementation
HM Treasury

UK Maritime Services Prohibition and Oil Price Cap **Industry Guidance**

February 2023

This guidance is produced by the Office of Financial Sanctions Implementation (OFSI), part of HM Treasury, which is the authority for the implementation of financial sanctions in the UK.

It outlines your obligations under the UK Maritime Services Prohibition and Oil Price Cap exception, as well as OFSI's approach to implementation and enforcement.

This guidance is general in nature so you should also refer to the relevant, up-to-date legislation. This guidance does not represent legal advice, and you should consider taking independent legal advice if you are unsure about your obligations in a given case.

Office of Financial Sanctions Implementation
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

ofsi@hmtreasury.gov.uk

General enquiries: 0207 270 5454



Office of Financial
Sanctions Implementation
HM Treasury

UK Maritime Services Prohibition and Oil Price Cap **Industry Guidance**

February 2023



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at public.enquiries@hmtreasury.gov.uk

Contents

Background	6
Chapter 1: Introduction	7
Chapter 2: Overview	9
Chapter 3: Compliance & Enforcement	16
Chapter 4: Exceptions & Licensing	19
Chapter 5: Attestation	22
Chapter 6: Reporting Requirements	28
Annex A: Definitions	31
Annex B: Application of the ban	36
Annex C: Attestation – Example Scenarios	38

Background

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](#) (as amended), hereafter referred to as ‘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 – anywhere in the world.

OFSI guidance and Russia regulations

While there are different types of sanctions outlined in the regulations, this guidance produced by OFSI is designed to provide an overview of the prohibitions on the maritime transportation, and associated services for the maritime transportation, of certain Russian oil and oil products. These were added to the regulations by The Russia (Sanctions) (EU Exit) (Amendment) (No. 16) Regulations 2022.

Where appropriate, this guidance directs readers to further detailed information and 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.

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 in this guidance.

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

Chapter 1

Introduction

1.1 Purpose of the ban

The UK and our allies have introduced some of the broadest and most severe sanctions against Russia that any country has ever faced. These sanctions are targeted at Russia's greatest revenue stream – the sale of oil and oil products, such as petrol and diesel, whilst ensuring that there is a continued flow of these products to third countries

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 has received.

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.

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

1.2 International alignment

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 anywhere in the world, in alignment with our coalition partners, who are introducing the measures for application within their own jurisdictions.

1. **Banning the import** of both Russian oil and oil products from 5 December 2022 which, taken together with our coalition partners, has substantially reduced the size of the global market for Russian oil and oil product exports and reduced exposure to unreliable Russian energy exports. This import ban is outlined in the [BEIS guidance](#).
2. **Banning the maritime transportation** of Russian oil from 5 December 2022 and refined 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.
3. **Banning the associated services which facilitate the maritime transportation** of Russian oil with effect from 5 December 2022; and for Russian refined oil products from 5 February 2023.

4. **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 the relevant price cap. This is depriving 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.

1.3 Introduction of the wind-down period

To smooth the transition into the operation of the price cap, **we introduced a wind-down period on oil already loaded on ships before 5 December 2022**, in alignment with our allies and by way of a general licence. During this wind-down period, we permitted contracts to ship Russian oil traded at a price above the price cap which were loaded before 5:01 am GMT on 5 December 2022, and which were delivered and cleared customs in a third country before 5:01 am GMT on 19 January 2023. These contracts were exempt from the maritime services ban under the terms of the ‘Wind-down’ General Licence INT/2022/2470256, with users of this licence required to report to OFSI.

The license, which includes further detail on these arrangements, was issued on 5 December 2022 and is published [here](#).

In implementing the price cap on Russian refined oil products, which will cover the same categories of services as the price cap for oil, **we will introduce a similar wind-down period on oil products already loaded on ships before 5 February**. During this wind-down period, we will permit contracts to ship Russian oil products traded at a price above the price cap which were loaded on ships before 5:01 am GMT on 5 February 2023, and which are delivered and clear customs in a third country before 5:01 am GMT on 1 April 2023. These contracts will be exempt from the maritime services ban under the terms of a new ‘Wind-down’ General Licence INT/2023/2660772, which will be issued by HM Treasury and will be published [here](#).

We will amend the existing ‘Oil Price Cap’ General Licence INT/2022/2469656 to extend the relevant authorisations to oil products and set the price caps for those products, in alignment with our allies.

Chapter 2

Overview

2.1 Summary of prohibitions

These prohibitions prevent persons in the UK and UK persons anywhere in the world from:

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

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 regulations’. The ban on oil and oil products is set out in [Chapter 4IA](#). A copy of the regulations, as amended, can be found [here](#):

2.2 Maritime Transportation Ban

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

- This includes the transfer of oil or oil products 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.

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.

2.3 Associated Services Ban

2.3.1 Financial services, funds, and brokering services

The 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 of oil and oil products by ship, from a place in Russia to a third country, or from one third country to another third country.

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 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.

2.3.2 Payment processing

The UK is aligning with the rest of the G7 in excluding processing, clearing, and sending payments by intermediary banks from the prohibited services. This is implemented through the ‘Correspondent banking and payment processing’ General Licence INT/2022/2470056 under the regulations, which was issued on 5 December and is published [here](#).

2.3.3 Flagging

Flagging services are not considered in scope of the associated services ban, and flagging registries are not required to comply with the attestation requirements relating to the price cap exception (see [Chapter 5](#)). However, they are required to comply with separate requirements relating to secondary enforcement of UK sanctions on specified vessels (see [3.5.1](#)).

2.4 Bunkering services and bunker fuel

2.4.1 Bunkering services

The provision of UK bunkering services to a ship carrying Russian-origin oil or oil products is not in scope of the UK maritime services ban. A UK provider of bunkering services can provide these services to a vessel carrying Russian-origin oil or oil products.

2.4.2 Bunker fuel

The provision of UK services (including shipping services) to facilitate the maritime transportation of Russian bunker fuel (where in scope – see [2.5](#)) – i.e., the trade of Russian bunker fuel – is in scope of the maritime services ban. A UK service provider cannot provide services to facilitate the maritime transportation of Russian bunker fuel unless it is being traded below the relevant price cap.

Furthermore, the purchase of Russian bunker fuel (where in scope) for the purposes of refuelling a UK vessel is also in scope of the UK’s import ban on Russian-origin oil and oil products. A UK vessel cannot purchase Russian-origin bunker fuel for the purposes of refuelling.

2.4.3 Ownership and control

The definition of ‘ownership and control of a ship’ is outlined in [Annex A](#) 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](#).

2.5 Goods in Scope

The following Harmonized System (HS) headings are in scope for the UK’s ban on the maritime transportation of Russian oil and oil products:

Table 2.A Products in scope of UK Maritime Transportation Ban

HS Heading	Product 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.

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

For goods which fall under HS heading 2710, the applicable price cap is determined by the categorisation of products (by HS sub-heading) as either ‘premium to crude’ or ‘discount to crude’. Those classed as ‘premium to crude’ are subject to the Premium to Crude price cap, while all other products are classed as ‘discount to crude’ and are therefore subject to the Discount to Crude price cap.

Products subject to the Premium to Crude price cap include gasoline, motor spirits, aviation spirits, motor fuel blend stocks, gasoil and diesel fuel, kerosene and kerosene-type jet fuel, and vacuum gas oil.

The table below outlines those products which are classed as ‘premium to crude’:

Table 2.B Products subject to the premium to crude price cap

HS Sub-heading	Product Description		
2710 12 31	Petroleum oils and oils obtained from bituminous minerals (other than crude) and 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	Other	Aviation spirit
2710 12 41		Motor spirit	
2710 12 45		Other, with a lead content	With an octane number (RON) of less than 95
		Not exceeding	With an octane number (RON) of 95 or more but less than 98

2710 12 49	the basic constituents of the preparations, other than those containing biodiesel and other than waste oils	0,013 g per litre	With an octane number (RON) of 98 or more
2710 12 50			Exceeding 0.013g per litre
2710 12 70			Spirit type jet fuel
2710 12 90			Other light oils
2710 19 11		Other Medium oils	For undergoing a specific process
2710 19 15			For undergoing chemical transformation by a process other than those specified in respect of subheading 2710 19 11
			For other purposes Kerosene
			Jet fuel
2710 19 21			Other
2710 19 25			Other
2710 19 29			Other
2710 19 31			Heavy oils Gas oils
2710 19 35		For undergoing chemical transformation by a process other than those specified in respect of subheading 2710 19 31	
		For other purposes	
		With a sulphur content not exceeding 0.001% by weight	
2710 19 43		With a sulphur content exceeding 0.001% by weight but not exceeding 0.002% by weight	
2710 19 46		With a sulphur content exceeding 0.002% by weight but not exceeding 0.1% by weight	
2710 19 47		With a sulphur content exceeding 0.1% by weight	
2710 19 48		Other (Medium and Heavy)	

			For undergoing a specific process
2710 20 11			With a sulphur content not exceeding 0.001% by weight
2710 20 16		Gas oils	With a sulphur content exceeding 0.001% by weight but not exceeding 0.1% by weight
2710 20 19			With a sulphur content exceeding 0.1% by weight

2.6 Origin of goods

The caps are applicable 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 processed. If the oil or oil products pass customs in a third country and subsequently re-enter trade by maritime transportation without being substantially processed, the price cap will still apply. This is in line with the approach taken by the oil price cap Coalition, including the US and the EU. This applies to goods falling both under HS heading 2709 and HS heading 2710.

For goods which fall under HS heading 2709, whether such goods “originate” in Russia is determined in accordance with the non-preferential rules of origin. Detailed guidance on these rules can be found [here](#).

For goods which fall under HS heading 2710 (refined oil products), a change in origin is determined based on substantial processing. For refined oil products (ROPs), once Russian ROPs are substantially processed in a jurisdiction other than the Russian Federation, they are no longer considered to originate in the Russian Federation, and thus the price cap no longer applies.

For the purposes of the ROPs determination, OFSI will only consider blending operations to amount to ‘substantial processing’ if the blending operation results in a difference between the Harmonised System (HS) codes of (any of) the input Russian ROP(s) and the output ROP at the 8-digit level.

Blending is distinct from co-mingling of Russian-origin oil or oil products with the same product from one or more different non-Russian sources, in which case the price cap is applicable to the Russian portion of the product (see [Annex C.3](#)). The only exceptions to this are those detailed in the regulations under 60HA for certain products that transit, are loaded in, or depart from Russia; and for co-mingling of Russian ‘de-minimis’ oil. For further detail on these exceptions, see [Annex B](#).

2.7 Involved Persons

2.7.1 Definition of Involved Persons

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

- the supply or delivery of oil or oil products; or

- the provision of financial services, funds, or brokering services relating to the supply or delivery of oil and oil products as defined in the regulations.

The term “involved person” captures actors across the three tiers outlined in [Chapter 5](#) who are involved in the supply or delivery of oil and oil products or the provision of financial services or funds or brokering services relating to the supply or delivery of oil and oil products.

2.7.2 Responsibilities of Involved Persons

The regulations set out that an “involved person” has certain roles and responsibilities in connection with the maritime transportation ban and associated services ban. Involved persons must:

- As far as reasonably practicable:
 - Ensure from 5 December 2022 that all transactions or services involving those activities outlined in [2.7.1](#) (above) 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 those activities outlined in [2.7.1](#) (above) with regard to 2710 Russian oil products are such that the products concerned are sold at or below the price cap.

For the purposes of the above, ‘as far as reasonably practicable’ refers to:

- Compliance with the attestation process detailed in the relevant general licence and explained in [Chapter 5](#) of this guidance, including appropriate due diligence (see [3.3](#)); and
- Compliance with the record keeping requirements (see [6.3](#)) in the relevant general licence.

In addition, involved persons must:

- Report to OFSI 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 A](#) 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.

For the purposes of the above, “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.

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

Compliance & Enforcement

3.1 Overview of Approach

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.

The prohibition is enforced by OFSI through a robust enforcement regime backed up by a criminal prosecution option.

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.

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

Those who have knowledge or suspicion of a suspected sanctions breach related to the maritime services ban and oil price cap are required to submit a suspected breach reporting form, which can be found on our website [here](#).

For further information on what constitutes an offence for the purpose of the implementation and enforcement of the ban, see [Annex A](#).

3.2 Attestation process and liability

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 (see [Chapter 5](#)) 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.

3.3 Due diligence

Actors relying on attestation or other price information documentation from other involved persons, or any associated counterparties, must undertake appropriate 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.

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.

3.4 Monetary penalties

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.

'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.

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 regulations) has been committed.

3.5 Coordination with the EU, G7 and Coalition partner bans

The UK's prohibitions are aligned with our international allies as far as possible. The G7, including the EU, and Australia have committed to implementing coordinated bans.

- 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 US's measures are currently in force, with wind-down periods for certain transactions for oil until 5 December 2022 (the '[crude oil determination](#)'), and for oil products until 5 February (the 'petroleum products determination').

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.

3.5.1 Flagged vessels

Any UK-flagged vessel which the Secretary of State has reasonable grounds to suspect is, has been, or is likely to be, involved in circumventing or breaching the maritime services prohibition would be considered for specification by the Secretary of State, and could be deregistered from the UK shipping register. This process can also apply across the British Shipping Registers in the Overseas Territories and Crown Dependencies (Red Ensign Group).

As such, the UK does not require specific flagging provisions with respect to our maritime services provision. Any perceived non-alignment between the UK regime and that of our coalition partners is a result of differing policy approaches to reach the same outcome of de-flagging ships where they are found to have transported Russian oil above the price cap.

Chapter 4

Exceptions & Licensing

4.1 The Oil Price Cap Exception

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

This price cap exception permits the supply or delivery of Russian oil and oil products by ship, 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, excluding the UK.**

The price cap exception is set out in the 'Oil Price Cap' General Licence INT/2022/2469656, which is published alongside other OFSI general licences [here](#)

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.

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 processed in line with non-preferential Rules of Origin. If the oil or oil products pass customs in a third country and then re-enter trade by maritime transportation without being substantially processed, the price cap will still apply.

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 (or per tonne) 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).

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 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.

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.

Specific exceptions and licensing powers are contained in the 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.

4.2 Exceptions

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.

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.

4.3 General Licences

The Oil Price Cap exception has been 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.

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.

General licences issued by OFSI can be found [here](#):

4.4 Specific Licence

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.

There is currently only one licensing ground where this would be permitted – extraordinary situations. We will keep this under review and assess whether there are any other licensing grounds required. 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.

The available ground can be found [here](#) in the regulations. Further details on where the ban will not apply can be found in [Annex B](#).

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 of this guidance immediately.

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 or transport sanctions regulations.

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.

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.

OFSI does not charge for licences.

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.

More information on how to apply for a specific licence can be found [here](#).

Chapter 5

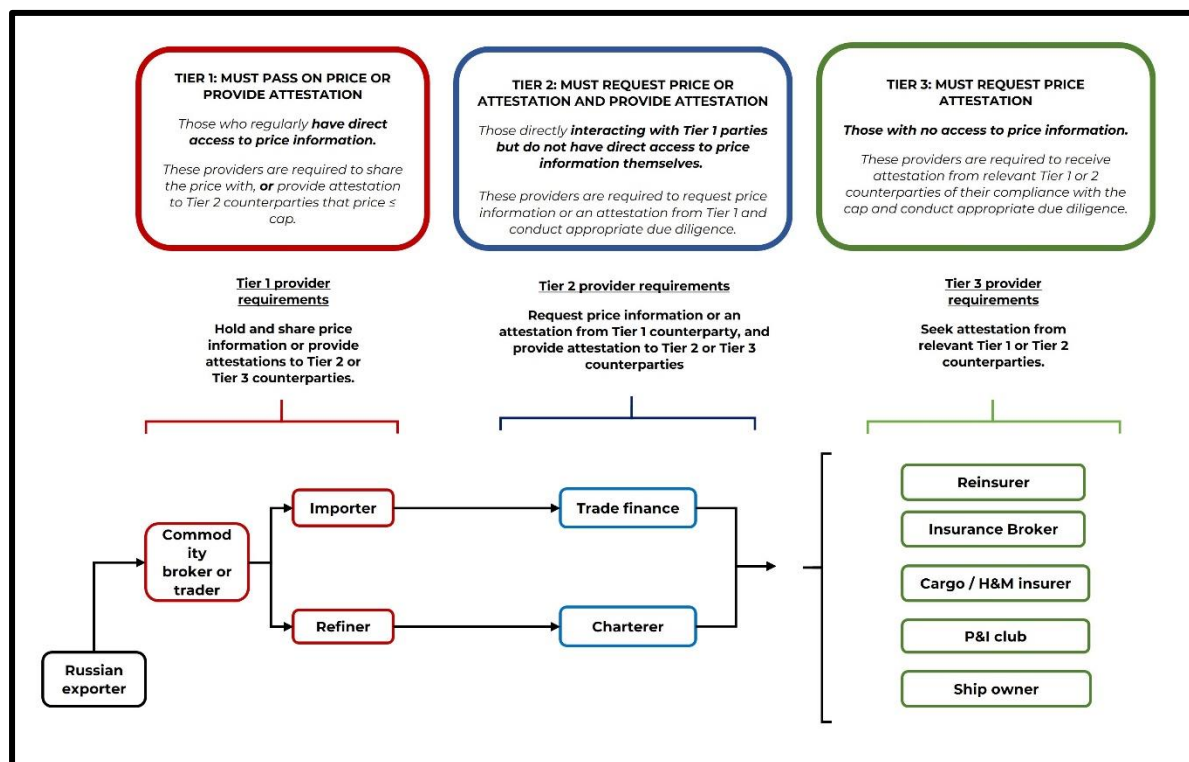
Attestation

5.1 Overview of the Attestation Process

The attestation process is designed to apply different requirements to 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) have greater requirements under the attestation system than those further from the price information or transacting annually (such as maritime insurers).

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

Figure 5.1. Simplified attestation model



5.2 Attestation Tiers

The attestation process divides the market into three tiers, depending on their access to price information for the oil or oil products.

Involved persons should comply with the attestation and reporting requirements for a given transaction on the basis of their access to price information for the oil or oil products relevant to that transaction (and the corresponding tier for that level of access). For example, a financial institution may assess itself to be a Tier 2 provider when providing transaction-based trade finance, but a Tier 3 provider when providing general financing facilities.

For the purposes of the explanation of these tiers below, the examples of persons provided for each tier are for illustrative purposes, and reflect expectations of the type of transactions in which the relevant person(s) are primarily or most frequently involved.

Full details of the attestation requirements for each Tier are set out in the 'Oil Price Cap' General Licence INT/2022/2469656, which will be published [here](#).

5.3 Tier 1: Persons holding price information

Tier 1 comprises persons who regularly have direct access to the price paid for a cargo in their ordinary course of business. For example, this includes, but is not limited to:

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

5.3.1 Responsibilities of Tier 1 persons

Tier 1 persons must retain, and share with Tier 2 and 3 actors upon request, the following information:

- the unit price;
- details as to the most recent transaction (date of entry into trade) - 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.

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

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.

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

A sample attestation document which can be signed is available for use on the OFSI website, [here](#).

5.4 Tier 2: Persons directly interacting with parties with price information

Tier 2 comprises persons who do not themselves have direct access to price information. For example, this includes, but is not limited to:

- financial institutions providing transaction-based trade finance;
- customs brokers;
- ship agents; and
- 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.

5.4.1 Responsibilities of Tier 2 persons

Tier 2 persons **transacting with a Tier 1 person** 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 UK Tier 1 counterparty has reported its use of OFSI's General Licence(s), on a quarterly basis;
- if their Tier 1 counterparty is a non-UK entity, report this situation to OFSI on a quarterly basis; and
- undertake appropriate due diligence on Tier 1 providers (or any associated counterparties) to satisfy themselves, based on the information available, of the reliability and accuracy of any information provided by the Tier 1 pursuant to a request for the price information/attestation (see [3.3](#)).

Tier 2 persons **transacting with a Tier 2 or 3 person** must:

- request and retain that price information and/or a signed attestation from their counterparty;

- share this price information/attestation onward in the chain with any counterparty that requests it; and
- undertake appropriate due diligence on that person (or any associated counterparties) to satisfy themselves, based on the information available, of the reliability and accuracy of any information provided by that person pursuant to a request for the price information/attestation.

5.4.2 Tier 3: Entities with no direct access to price information

Tier 3 comprises persons who have no direct access to price information. They may be interacting with providers from any of the Tiers, including other Tier 3 providers. For example, this includes, but is not limited to:

- insurance brokers;
- cargo insurers;
- protection and indemnity insurers;
- re-insurers;
- general financing facilities in financial institutions;
- ship management companies; and
- ship owners.

5.4.3 Responsibilities of Tier 3 persons

Persons in Tier 3 with no direct 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;
- share attestation onward in the chain with any counterparty, such as another Tier 3 person, that requests it;
- undertake appropriate due diligence on that person (or any associated counterparties) to satisfy themselves, based on the information available, of the reliability and accuracy of any information provided by that person pursuant to a request for the attestation;
- if directly transacting with a UK Tier 1 actor, ask for and receive confirmation that their Tier 1 counterparty has reported its use of OFSI's General Licence(s) in line with the periodic reporting requirements (see [Chapter 6](#)); and
- if directly transacting with a non-UK Tier 1 actor, report this activity to OFSI in line with the periodic reporting requirements (see [Chapter 6](#)).

Where persons are transacting with Tier 3 persons, this may suggest a further degree of separation from the relevant Tier 1 entity in the supply chain. However, there is no tier below Tier 3, and persons with no direct access to price information

are always Tier 3 persons irrespective of whether they are transacting with another Tier 3 actor.

A UK service provider has a legal requirement under [Regulation 70](#) of the 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.

5.5 Attestation in practice

5.5.1 Attestation requirements

When price information is not being shared, documentation attesting that the unit price of the Russian oil or oil products to be supplied or delivered, or being supplied or delivered, is or will be at or below the price cap, must include:

- the name, address, and details of both parties involved in the transaction for which the attestation is required;
- the date and signature of the representative of the party to the contract or service;
- detail of the contractor service to which the attestation relates; and
- a statement that the Russian oil and/or oil products was/were purchased at or below the cap, or purchased under a relevant licence.

When sharing an attestation, it would also be helpful to share associated documentation (such as invoices, contracts, or proof of payment) related to the transaction.

5.5.2 Obtaining attestation documentation

For Tier 3 providers, the attestation may be obtained as part of the annual insurance policy review, when updates are required to a service agreement, or as a clause within contractual terms and conditions (e.g. of a long-term general funding or financing arrangement). For example, this could be a clause within an insurance policy that excludes coverage for activities related to the maritime transportation of Russian oil purchased above the price cap. 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 price 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.

5.5.3 Design of attestation documentation

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.

Figure 5.5.3 - Example attestation document

[Party to the contract/service] attests that:

- *[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]* 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]

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 a General Licence. The attestation must be provided within the time and in the manner specified on request.

Examples of using the attestation process are provided in [Annex C](#).

Chapter 6

Reporting Requirements

6.1 Reporting requirements for Tier 1 entities

6.1.1 Overview

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 occurrences of activities are covered by a single contract. These activities must be notified to OFSI within 40 days of each transaction (the date of entry into a trade).

6.1.2 Consolidated reports

Where there are multiple reports required from the same entity within a 30-day period (e.g. 10+ such occasions per 30-day period), the entity may submit consolidated reports, provided OFSI is notified of all activities in the consolidated report within 40 days of each transaction. For example, for activities occurring 1-30 November, a consolidated report may need to be submitted by 10 December.

This reporting requirement relates solely to transactions to which the Tier 1 entity is party to, as opposed to reporting on the entirety of the sale chain - which may include transactions the Tier 1 entity is not party to.

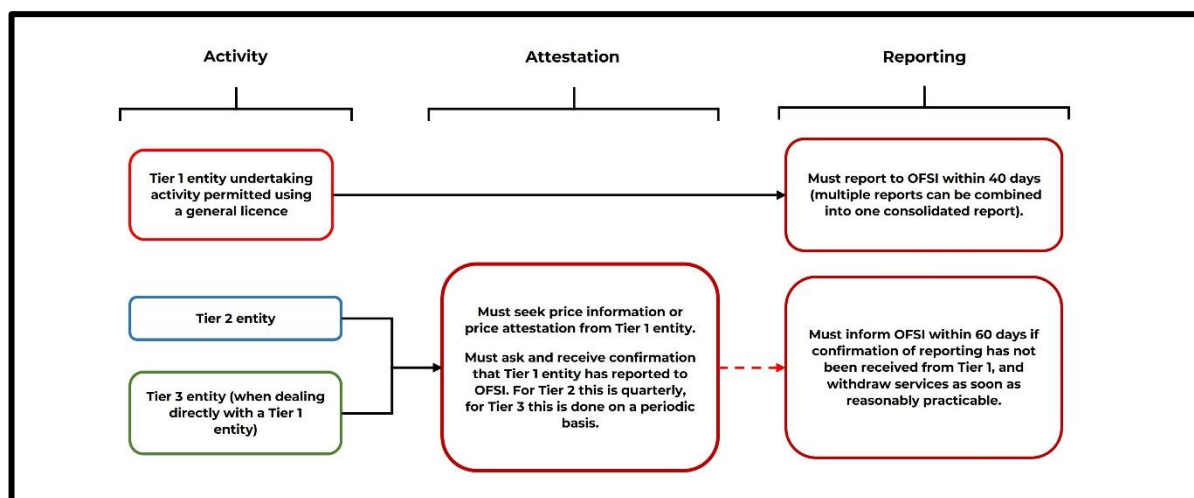
6.2 Reporting requirements for transactions with Tier 1 entities

6.2.1 Reporting transactions with a UK Tier 1 entity:

A Tier 2 or Tier 3 entity seeking attestation directly from a Tier 1 entity is required to request and receive confirmation that the Tier 1 entity has reported to OFSI (as in [6.1](#) above) on a quarterly basis for Tier 2, and periodically for Tier 3. Where they do not receive this confirmation, the Tier 2 or 3 entity is required to inform OFSI of this and withdraw their services as soon as reasonably practicable.

When assessing reasonableness, entities will wish to give consideration to the nature of the service they provide and the impact should it be immediately removed. For example, insurers may consider it reasonable to withdraw services once a vessel has returned to port, rather than leave a vessel without coverage mid-voyage.

Figure 6.2.1 Reporting transactions with a UK Tier 1 entity



6.2.2 Reporting transactions with a non-UK Tier 1 entity:

Where the Tier 2 or Tier 3 entity requests this confirmation but finds that the Tier 1 entity is not a UK person, and therefore not required to report, the Tier 2 or Tier 3 entity does not need to receive confirmation. However, they are required to inform OFSI of this situation within 60 days. Subsequent reporting to OFSI is required on a quarterly basis for Tier 2 entities, while for Tier 3 entities this confirmation can be made at the same time as their annual insurance policy review, or any other periodic review of service agreements with the Tier 1 entity.

A Tier 1 entity must notify OFSI at oilpricecap.ofsi@hmtreasury.gov.uk using the OPC standardised reporting form. 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.

6.3 Record Keeping Requirements

All involved persons must keep records of their activities undertaken under the relevant general licence, which may be stored electronically or on paper. Records must be accurate, complete, and readable in English, and must demonstrate adherence to the conditions and obligations of the relevant general licence. Such records must include:

- 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 of 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.

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 to do so by OFSI.

For Tier 3 entities that are providing insurance or other periodic services, these records may instead align to capture the information from their annual insurance policy review, or any other periodic review of service agreements. As such, the records may cover multiple instances of supply or delivery.

Annex A

Definitions

Offences

A.1 What is an offence

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

A.1.1 Supply or delivery of Russian oil or oil products

It is an offence for a person to supply or deliver Russian oil or oil products by ship 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 or 5 February 2023 for Russian oil products), if the oil or oil products have 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;
- 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.

A.1.2 Financial services, funds, and brokering services

It is an offence to provide financial services, funds, or brokering services (see [A.3-5](#)) to anyone, anywhere in the world, 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.

A.1.3 Withholding of information

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 (below), 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 or an attestation).

For the purposes of the above, examples of offences include:

- Supplying or delivering oil or oil products by ship from a place in Russia to a third country, or from one third country to another third country;

- Providing financial services, funds or brokering services relating to that supply or delivery;
- Purporting to act under the authority of a licence but failing to comply with any condition of that licence.

A.1.4 Circumvention

It is an offence to circumvent prohibitions (see [Annex C.2](#))

A.1.5 Compliance with information requests

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 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.

A.1.6 Licensing conditions

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. For example, failing to comply with the information sharing and attestation requirements outlined within the General Licence.

A.2 What is not an offence

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

It is not an offence to:

- supply or deliver by ship oil and oil products from a place in Russia to a third country, or between third countries, or
- provide financial or brokering services or funds to anyone, anywhere in the world, who is supplying or delivering by ship oil and oil products from a place in Russia to a third country, or between third countries,

in any of the below circumstances:

- If it is required to deal with an emergency, e.g. to clear up an oil spill (see [4.2](#));
- If the oil was loaded onto a ship before 05:01 GMT on 5 December 2022, and was delivered and cleared customs in a third country before 05:01 GMT on 19 January 2023;
- If the oil products were loaded onto a ship before 05:01 GMT on 5 February 2023, and will be delivered and clear customs in a third country before 05:01 GMT on 1 April 2023;
- If it involves a de minimis amount of Russian oil left over in the bottom of a container or tank (see [Annex B](#));

- If 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 B](#));
- If the activity has been licensed by OFSI (see [4.3-4](#));
- If the oil and/or oil products have been purchased at a price at or below the relevant price caps.

Brokering services, funds, and financial services

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 regulations and sections [60\(1\)](#) and [61\(1\)](#) of the [Sanctions and Anti-Money-Laundering Act 2018](#). These definitions include, but are not limited to:

A.3 Brokering services

“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.

A.4 Funds

“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.

A.5 Financial services

“Financial services” means any service of a financial nature, including (but not limited to) those outlined below.

A.5.1 Insurance-related services

Insurance-related services includes the following:

- direct life assurance;
- direct insurance other than life assurance;
- reinsurance and retrocession;
- insurance intermediation, such as brokerage and agency;
- services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services;

A.5.2 Banking and other financial services

Banking and other financial services includes the following:

- accepting deposits and other repayable funds;
- lending (including consumer credit, mortgage credit, factoring and financing of commercial transactions);
- financial leasing;
- payment and money transmission services (including credit, charge and debit cards, travellers' cheques, and bankers' drafts);
- providing guarantees or commitments;
- financial trading;
- 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;
- money brokering;
- asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;
- settlement and clearing services for financial assets (including securities, derivative products, and other negotiable instruments);
- providing or transferring financial information, and financial data processing or related software (but only by suppliers of other financial services);

- providing advisory and other auxiliary financial services in respect of any of the above activities, including: credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy.

A.6 Payment services

The UK is aligning with the rest of the G7 in excluding processing, clearing, and sending payments by intermediary banks from the prohibited services. This is implemented through the 'Correspondent banking and payment processing' General Licence under the Russia (Sanctions) (EU Exit) (Amendment) (No. 16) Regulations 2022, which is published [here](#).

A.7 Ownership or Control (of a vessel)

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

A.7.1 Ownership

The regulations provide that a vessel is 'owned' by a person if:

- 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 (as defined in the regulations [here](#)) by that person, or
- the person, or a person who is owned or controlled directly or indirectly (as defined in the regulations [here](#)) by that person, has a beneficial interest in the ship or in any share in the ship.

A.7.2 Control

The regulations provide that a vessel is '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.

Annex B

Application of the ban

B.1 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:

B.1.1 De minimis left-over oil

When a container or tank (not located in Russia) has previously been used to transport or store Russian oil or oil products, an unpumpable quantity of substance may remain at the base of the container or tank, i.e. a substance which could not be removed from the container without causing damage to the container or tank. If non-Russian oil is added to the container or tank, it will co-mingle with the Russian-remainder of oil.

The non-Russian products held in the tank (e.g. the co-mingled Russian left-over oil and non-Russian oil) can still be transported from a place in Russia to a third country, or from one third country to another third country.

B.1.2 Products of non-Russian origin

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 regulations also contain a specific exception for certain products that transit, are loaded in or depart from Russia (see [60HA](#)).

This exception applies where:

- the goods do not originate in Russia;
- the goods are not owned by persons connected with Russia; and
- the goods are only being loaded in, departing from, or transiting through Russia.

The UK's intention behind the way this exception works and the way OFSI plans to approach enforcement is that 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, provided that the goods are not majority-owned by persons connected with Russia.

In addition to the above, oil that transits through a pipeline in the Russian Federation with documentation (such as a certificate of origin) confirming the oil is of non-Russian origin, is exempt from the price cap. For example, the Caspian Pipeline Consortium pipeline and the Uzen-Atyrau-Samara pipeline transport Kazakh-origin oil co-mingled with Russian-origin oil through Russia. The Kazakh

proportion of this co-mingled oil, with a Certificate of Origin evidencing the proportion thereof, is exempt.

UK persons should apply their own level of risk appetite on the establishment of the credibility of the documentation and information provided.

Annex C

Attestation - Example Scenarios

C.1 Change of ownership during shipment

C.1.1 Transaction 1: Purchase of Russian crude oil

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.

C.1.2 Transaction 2: Contracting of shipping services

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 appropriate 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.

C.1.3 Transaction 3: Sale of Russian crude oil during transit

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.

C.1.4 Transaction 4: Sale of Russian crude oil to a refinery

The second trader subsequently sells the cargo to a refiner. **The cap applies to this transaction**, and the price agreed must therefore be at or below the relevant price cap. As above, a signed attestation and appropriate 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.

C.1.5 Transaction 5: Sale of refined oil product

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 processing of the good.

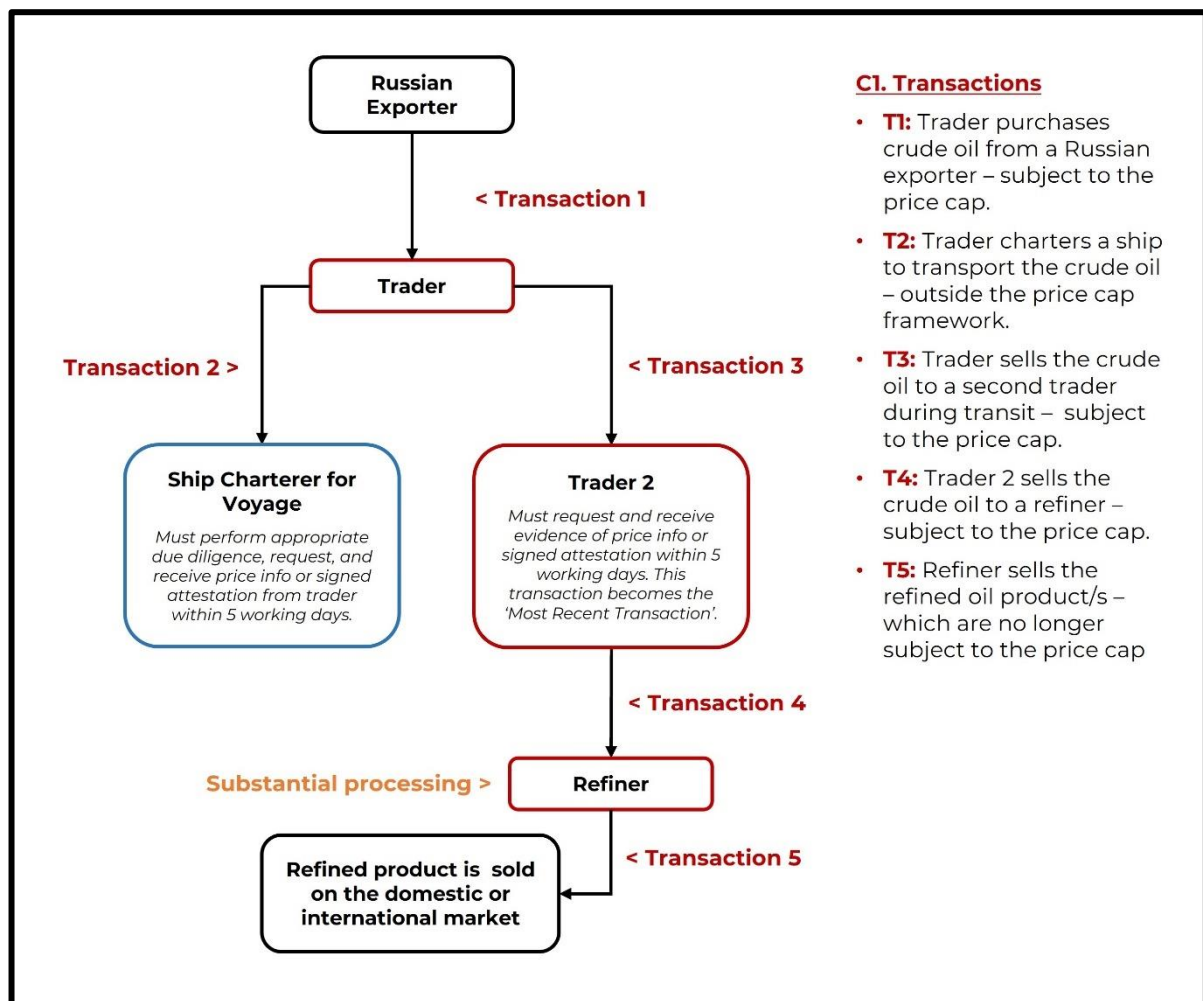


Figure C1 - Change of ownership during shipment

C.2 Transport and circumvention

C.2.1 Transaction 1: Purchase of Russian crude oil

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.

C.2.2 Transaction 2: Sale of refined oil product

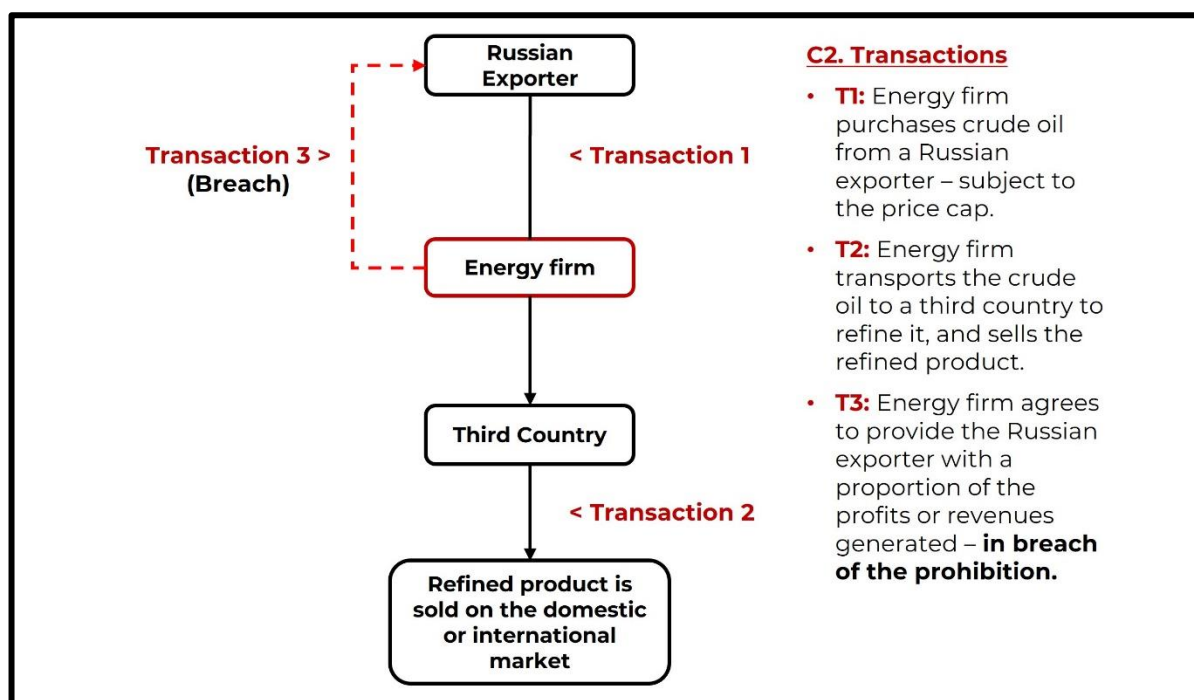
The firm transports the oil on a ship in its own fleet to a third country. It then refines the crude and sells the refined product at market price. **This is not in breach of the prohibition.**

C.2.3 Transaction 3: Sharing of profits or revenues

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 regulations will be subject to investigation and enforcement activities.

Figure C2 - Transport and circumvention



C.3 Transport of co-mingled products

C.3.1 Transaction 1: Contracting of tanker for Saudi diesel

An oil trader contracts a tanker for multiple shipments, which is 60% filled with Saudi diesel.

C.3.2 Transaction 2: Purchase of Russian diesel

It then purchases diesel from a Russian exporter and fills the tanker with the Russian product, and the oil becomes co-mingled. **The cap applies to the Russian element of this shipment.**

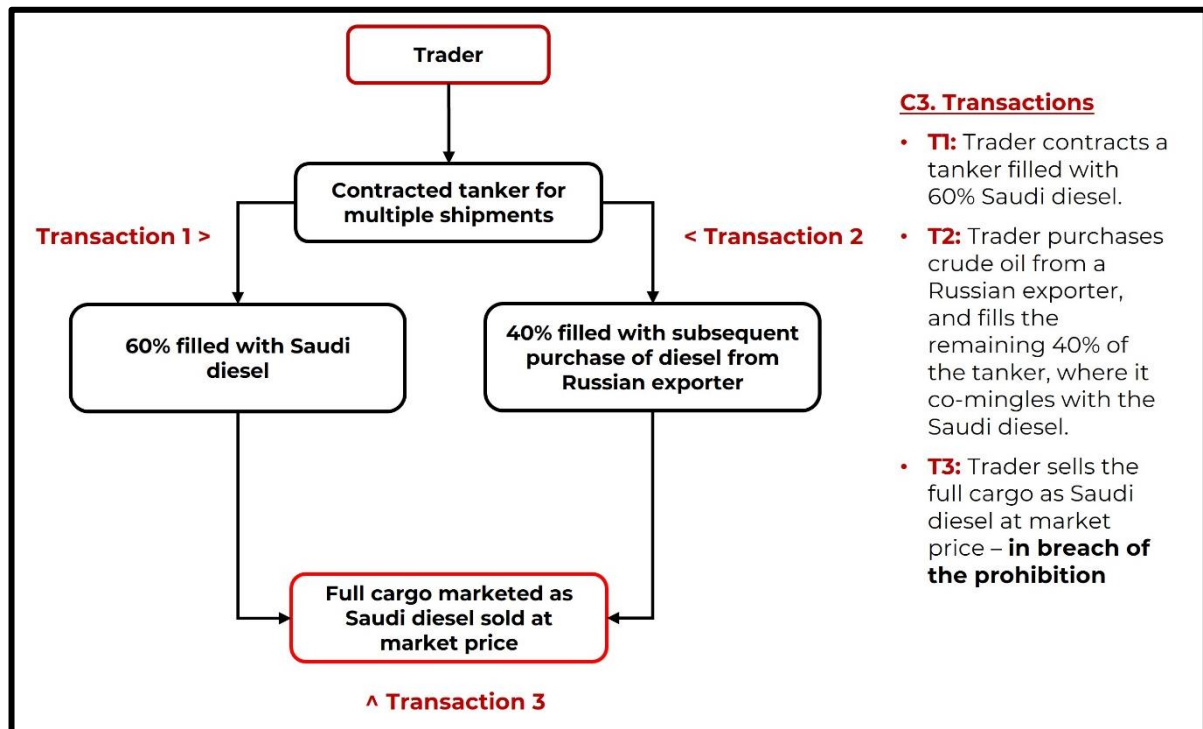
Non-Russian elements of co-mingled shipments are not subject to maritime transportation ban or the price cap exception, so the cap does not apply to the 60% proportion of Saudi diesel.

C.3.3 Transaction 3: Sale of entire diesel cargo

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 processing 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. The respective volumes must therefore be marketed and sold separately based on origin and, for the Russian volume, at or below the price cap.

In the scenario above where prohibitions are breached, an insurance provider would not be liable for the Russian portion of the cargo, provided they have complied with attestation and reporting requirements (see [Chapter 5](#)).

Figure C3 - Transport of co-mingled products



OFSI contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about OFSI and its work, contact:

Office of Financial Sanctions Implementation
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 0207 270 5454

Email: ofsi@hmtreasury.gov.uk