

No.2 2014/2015 - Sanctions in Respect of Ukraine and Russia - Update

March 2014

Dear Sirs,

Sanctions in Respect of Ukraine and Russia – Update

Further to Notice to Members No. 1 2014/2015 additional sanctions have been imposed by both the European Union and the United States on parties in Ukraine and Russia.

European Union

Council Regulation 269/2014 targets those believed to be responsible for "action undermining or threatening the territorial integrity, sovereignty and independence of Ukraine", by imposing asset freezes and prohibiting the making of funds or economic resources available to them.

The list of individuals concerned can be found in Annex 1 of the Regulation and currently consists of some twenty one government officials and military personnel from both Ukraine and Russia.

Details of to whom the Regulation applies are given at Article 17.

United States

President Obama signed a further Executive Order on 17 March 2014. Widely drafted, the Order provides officials with the ability to target "officials of the Government of the Russian Federation, any individuals or entities that operate in the arms or related material sector in the Russian Federation, and any individual or entity that is owned or controlled by, or provides material or other support to any senior official of the Government of the Russian Federation or any person designated pursuant to this Order".

A number of individuals have been designated by the Secretary of State and are thus subject to US sanctions. Details can be found in the attached Fact Sheet.

At present this Executive Order does not have extraterritorial effect and applies only to US nationals and any assets of sanctioned individuals in the US.

Should the situation in Crimea and Ukraine continue to deteriorate it is likely that the list of sanctioned individuals and entities will be further expanded. There is also the possibility of additional sanctions against Russian interests.

Practical Considerations

It is probable that some sanctioned individuals will have business interests in addition to their official role. Members subject to EU and/or US sanctions regulations are therefore strongly advised to check that no Ukrainian or Russian counterparties with whom they trade are owned or controlled by a sanctioned individual.

It would be prudent for Members to incorporate protective sanctions clauses (such as those published by BIMCO) in their charter parties when fixing business which may involve Ukrainian or Russian counterparties or when trading to ports in those countries.

Members are reminded that there will be no Club cover for any trade which is in breach of sanctions or for an activity which exposes the Club to the risk of being or becoming subject to any sanctions, including where any insured party is owned or controlled in whole or in part by a sanctioned individual or entity.

Members should contact the Managers with any questions concerning the impact of these and any other sanctions - Tony.Paulson@westpandi.com or Robert.Searle@westpandi.com

Yours faithfully

For: **West of England Insurance Services (Luxembourg) S.A.**
(As Managers)

A Paulson
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