

## Deposits

### FREQUENTLY ASKED QUESTIONS – AS OF 1 JUNE 2022

**1. How should an authorisation in accordance with Article 5c(1)(a) and 5c(1)(d) of [Council Regulation 833/2014](#) take place?**

*Last update: 3 May 2022*

Procedures for granting derogations are established at Member State level by national administrative law. The national competent authorities (NCA) to which the applicant should lodge its request for authorisation are indicated [here](#). Member States are then free to distribute the work internally to assess the request as they see fit. Member States legislation and procedures must not be in contradiction with the provisions set out in EU law. According to the case law of the Court of Justice of the European Union, NCAs must exercise their powers in a manner that upholds the rights provided for in Article 47 of the [Charter of Fundamental Rights of the EU](#).

**2. Are there any formal requirements as to how the authorisation should be designed?**

*Last update: 3 May 2022*

The process and design of the authorisation is to be decided upon by the national competent authority in line with national practice. For instance, it is up to the national competent authority to decide whether to provide a form for the submission of the request or not.

**3. Which information and documentation should be obtained by the national competent authority for assessments made under Article 5c(1) of [Council Regulation 833/2014](#)? Whom should the national competent authority obtain the information and documentation from: natural or legal persons?**

*Last update: 3 May 2022*

It is for the national competent authority to decide on what evidence is required. The national competent authority will need to ascertain that the deposits are indeed required for the purposes providing the grounds for an exemption under Article 5c. Which documents are needed for this needs to be decided on a case by case basis. In particular, the national competent authority will assess whether the information provided by credit institution applying for the authorisation is sufficient, or whether additional documentation from the natural and legal persons is needed.

**4. What may be considered “necessary to satisfy the basic needs” in accordance with Article 5c(1)(a), and “necessary for official purposes” in accordance with Article 5c(1)(d)? Which elements should be included in the assessment?**

*Last update: 3 May 2022*

For basic needs, please refer to page 27 of the [Best Practices for the implementation of Sanctions](#) (payments for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges). For official purposes, the national competent authority should assess on a case-by-case basis if the deposit falls within the scope of the derogation. Regarding a diplomatic mission or consular post or international organisation, the exemption under Article 5c(1)(d) shall be interpreted as covering all deposits needed to finance the office purposes of such a mission. In general, money transfers by the Russian State to its embassy in one Member State would qualify for this derogation. Nevertheless, it remains up to the national competent authority in to ascertain in the authorisation application process the necessary nature for official purposes of a transfer to the embassy.

**5. Does the reporting obligation under Article 5g(1)(b) of [Council Regulation 833/2014](#) only take effect on 27 May 2022 or is it already in effect?**

*Last update: 3 May 2022*

The information to be reported under Article 5g(1)(b) shall be provided as soon as possible. This means that credit institutions should take proper action to swiftly collect the information. The deadline of 27 May 2022 envisaged in Article 5g(1)(a) provides, by analogy, a reasonable timeframe for the transmission of the information to be provided under 5g(1)(b). Where credit institutions are not able to provide this information by the set deadline because the information is still being collected, they shall inform the respective competent authorities of the delay and its reasons, and agree on a reasonable deadline with the competent authorities.

**6. Art 5g of [Council Regulation 833/2014](#) refers to credit institutions. Is the reporting obligation also applicable to other institutions, e.g., payment institutions, financial institutions and/or electronic money institutes?**

*Last update: 3 May 2022*

Article 5g imposes reporting obligations on credit institutions as defined in Article 1(h) and which hold deposits as defined in Article 1(k). In case of doubt, the institution should seek information from its [national competent authority](#) for an assessment on a case-by-case basis. In this respect, it must be recalled that it is prohibited to participate in activities that would circumvent the restrictions in [Council Regulation 833/2014](#).

- 7. For the purpose of complying with the obligation under Article 5g(1)(b) of [Council Regulation 833/2014](#), how can a credit institution verify whether a deposit holder is a Russian national or natural person residing in Russia who has acquired the citizenship of a Member State or residence rights in a Member State through an investor citizenship scheme or an investor residence scheme?**

*Last update: 3 May 2022*

Investor citizenship schemes and investor residence schemes are defined in Articles 1(l) and 1(m) of [Council Regulation 833/2014](#). A credit institution should first assess the documents that have been submitted to it by the deposit holder. Should it need further assistance, the credit institution can contact its [national competent authority](#).

- 8. Are EU parent companies obliged to report deposits from Russian persons or entities for the entire group on a consolidated basis (including deposits at their non-EU subsidiaries)?**

*Last update: 3 May 2022*

EU sanctions do not apply extra-territorially. Third-country subsidiaries of EU parent companies are incorporated under third-country law, not under the law of a Member State. They are therefore not expected to comply with Article 5g of [Council Regulation 833/2014](#).

- 9. Should the prohibition in Article 5b of [Council Regulation 833/2014](#) also be complied with by branches of EU banks outside the EU?**

*Last update: 3 May 2022*

EU sanctions must be complied with by all EU persons – both natural and legal – and therefore by all EU incorporated companies. Branches of EU companies outside the EU remain EU persons, and as such are bound by [Council Regulation 833/2014](#), including Article 5b.

- 10. Should the prohibition to accept deposits exceeding a total of EUR 100 000 from Russian nationals and natural persons living in Russia or legal persons, entities or bodies established in Russia in Article 5b of [Council Regulation 833/2014](#) apply to deposits made by Russian nationals residing in a third country (e.g. the US)?**

*Last update: 3 May 2022*

The prohibition in Article 5b applies to deposits made by Russian nationals wherever they reside, unless they have a temporary or permanent residence permit in a Member State, a country member of the European Economic Area or Switzerland, or the nationality of one of these States.

**11. Does the prohibition in Article 5b apply for all types of account (e.g. savings and current accounts)?**

*Last update: 3 May 2022*

The prohibition applies to all deposits as defined in Article 1(k), irrespective of the type of account they are being held in. The limit of EUR 100 000 should be understood as the sum of all accounts being held at a credit institution.

**12. What does the term "Russian national" mean in the context of Article 5b of [Council Regulation \(EU\) No 833/2014](#) concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine? Does it include all holders of the Russian nationality or Russian residents only? What about holders of dual EU-Russia citizenship?**

*Last update: 3 May 2022*

Article 5(b)(1) of Council Regulation (EU) No 833/2014 provides that: *"It shall be prohibited to accept any deposits from Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia, if the total value of deposits of the natural or legal person, entity or body per credit institution exceeds 100 000 EUR."*

The prohibition applies to deposits from Russian nationals or natural persons residing in Russia.

However, pursuant to the exception in Article 5b(3), these deposits should be accepted when they are made towards nationals of a Member State, a country Member of the European Economic Area or Switzerland, or natural persons having a temporary or permanent residence permit in one of these countries.

This means that the accounts of Russian nationals who also have the nationality of one of the above countries can be credited above EUR 100 000.

**13. Should the broad term "entities" in Article 5b(1) be interpreted as including subsidiaries of European financial institutions in Russia and could it therefore stop them from conducting ordinary business operations, including moving money to nostro accounts or conducting business with other EU banks with which they hold accounts?**

*Last update: 3 May 2022*

The term 'entities' in Article 5b of [Council Regulation \(EU\) No 833/2014](#) comprises all entities established in Russia, including subsidiaries of EU operators which are incorporated in Russia.

Pursuant to Article 5b(1), deposits for the benefit of an EU parent company coming from its subsidiary in Russia cannot in principle be accepted. However, pursuant to Article 5b(4), this prohibition does not apply to those deposits that are necessary for non-prohibited cross-border trade in goods and services. Moreover, Article 5c and 5d enable the competent authorities of

the Member States to authorise the acceptance of such deposits in limited and well-defined circumstances.

**14. Does the prohibition for EU credit institutions to accept deposits from Russian legal and natural persons above EUR 100 000 refer only to new or also to existing deposits?**

*Last update: 3 May 2022*

The prohibition is to accept any new deposits if the total value of deposits of the natural or legal person, entity or body per credit institutions exceeds EUR 100 000. Implicitly this means that those deposits that are already in EU banks can remain there but their value cannot be further increased above EUR 100 000. The reporting obligation applies to all deposits that exceed the specified value. In practice, this means that:

1. For new deposits:

EU operators must not accept (new) deposits if the total value of deposits of the natural person or legal person, entity or body per credit institution exceeds EUR 100 000.

2. For existing deposits:

- If the natural person or legal person, entity or body had more than EUR 100 000 in deposit on the day of entry into force of the Regulation (26 February 2022), the relevant deposit is grandfathered. This means that the natural person or legal person, entity or body is entitled to keep the money and do whatever he/she/it wants (e.g. withdraw, leave in the account), but he/she/it cannot increase the balance in a way that would exceed EUR 100 000 (unless the competent authority of a Member State grants an authorisation under Article 5c or 5d)
- If the natural person or legal person, entity or body had less than EUR 100 000, it is entitled to increase the account balance up to EUR 100 000 (but not more) per credit institution.

**15. Russian nationals and persons residing in Russia could have various accounts outside of Russia. If the deposit being received at our bank is generated outside of Russia, does this transaction fall under the EUR 100 000 limitation?**

*Last update: 3 May 2022*

Yes, it does. If the deposit belongs to a Russian national or natural person residing in Russia, the transaction would fall under the EUR 100 000 limitation. Banks that have to comply with Council Regulation 833/2014 need to monitor incoming deposits from Russian nationals and natural persons residing in Russia to ensure that the EUR 100 000 limit is not exceeded. Banks also have a reporting obligation under Article 5g(1)(a) regarding the accounts of Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia that they operate and whose balance exceeds EUR 100 000.

**16. With regard to legal persons, is there a prohibition on deposits per legal entity or should the group structure be considered?**

*Last update: 3 May 2022*

The prohibition in Art. 5b applies per legal entity.

**17. Are limits targeting new deposits received after 25 February 2022? Does any account balance held for Russian nationals and residents fall into the targeted categories? If yes, what action would be required on balances held at the bank that are over EUR 100 000?**

*Last update: 3 May 2022*

The deposit shall not be accepted if it is made by a Russian national, a natural person residing in Russia, or legal persons, entities or bodies established in Russia

As regards existing deposits of persons whose account cannot be credited in excess of EUR 100 000, if the account holder had more than EUR 100 000 in deposit on the day of entry into force of the provision (26 February 2022), the relevant deposit is grandfathered. This means that the account holder is entitled to keep the money and do whatever they want (e.g. withdraw, leave in the account), but they cannot increase the balance so it exceeds EUR 100 000 (unless the competent authority of a Member State grants an authorisation under Article 5c or 5d).

As regards new deposits, EU operators must not accept them if the total value of deposits of the natural person or legal person, entity or body per credit institution exceeds EUR 100 000.

**18. Financial instruments, as defined in Section C of Annex I to Directive 2014/65/EU, are not qualified as deposits. Should other financial assets than financial securities be qualified as deposits? For example, do they include express trusts and similar legal entities or arrangements; a legal entity or special structure whose object is to manage wealth of its legal representative or Ultimate Beneficial Owner?**

*Last update: 3 May 2022*

Article 1(k) of [Council Regulation \(EU\) No 833/2014](#) (the Sanctions Regulation) provides the following definition of deposit:

*(k) “deposit” means a credit balance which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution is required to repay under the legal and contractual conditions applicable, including a fixed term deposit and a savings deposit, but excluding a credit balance where:*

- 1. its existence can only be proven by a financial instrument as defined in Article 4(1)(15) of [Directive 2014/65/EU](#) of the European Parliament and of the Council, unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which exists in a Member State on 2 July 2014*
- 2. its principal is not repayable at par*

3. *its principal is only repayable at par under a particular guarantee or agreement provided by the credit institution or a third party*

It would be up to the credit institution to assess whether the individual product/circumstance therefore falls within this definition of 'deposit'.

- 19. Is it correct that “deposit” does not include any credit/debit entry or cash flow resulting from transactions or corporate events, whether linked or not with financial instruments, as defined in Annex I to [Directive 2014/65/EU](#)?**

*Last update: 3 May 2022*

The prohibition provides that: *“It shall be prohibited to accept any deposits from Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia, if the total value of deposits of the natural or legal person, entity or body per credit institution exceeds EUR 100 000.”* Therefore, if the transaction or corporate event results in a positive cash flow, and thereby becomes a deposit as defined under Article 1(k), into an account which cannot be credited above EUR 100 000, the incoming cash flow should be rejected.

Note: payments made by CSD participants for the settlement of transactions that are not affected by the sanctions set out in Council [Regulation \(EU\) No 833/2014 should](#) be considered as benefiting from the exemption set out in Article 5b(4), whereby *“Paragraph 1 shall not apply to deposits which are necessary for non-prohibited cross-border trade in goods and services between the Union and Russia.”* Then, if the counterparty to the transaction who receives the cash payment is a Russian person, the provisions in Article 5b shall apply to any further transfer of the cash out of the account where it was credited in the context of the settlement of the transaction.

- 20. What should a bank do if it has already received the deposit?**

*Last update: 3 May 2022*

The bank should not accept the deposit. If the deposit was received before the sanction entered into force on 26 February 2022, the deposit can however be kept in the account.

- 21. Is it correct that the concept of “total value” must be calculated taking into account customers' positions with the bank in current accounts and deposits at the point in time when the restrictions entered into force?**

*Last update: 3 May 2022*

This is correct.

- 22. Does the concept of “total value” have to be calculated taking into account customers' accounts in currencies different from the euro?**

*Last update: 3 May 2022*

Yes, the total value should take into account all deposits per credit institution, irrespective of the currency in which they are denominated.

**23. Does the meaning of “deposit” also include (i) accounts opened to hold collateral for financing arrangements (ii) shared accounts, for example accounts of spouses?**

*Last update: 3 May 2022*

- i. Collateral would fall within the exemption of the definition of deposit as set out in Article 1(k)(iii). However, if accounts used to hold collateral have excess collateral, EU operators should ensure, via their due diligence, that this excess collateral is not held in the account with the purpose of circumventing the prohibition in Article 5b.
- ii. In case the person with whom the account is share falls within the scope of the prohibition (i.e. being a Russian national or a natural person residing in Russia, or a legal person, entity or body established in Russia), then these deposits fall within the scope of the prohibition. As the prohibition applies per natural or legal person, entity or body, the total value of the deposits can be split over two persons to calculate whether the individual value of the deposits exceeds EUR 100 000. In this case, for an account shared by two persons both subject to the prohibition, the maximum value of deposits which can be held per credit institution would be EUR 200 000.

The prohibition does not apply to EU nationals, nationals of a European Economic Area country or of Switzerland, or natural persons having a temporary or permanent residence permit in a Member State, in a country member of the European Economic Area or in Switzerland. (Article 5b(3)). In case any of those persons jointly holds the account, the prohibition does not apply. However, the joint account cannot be used to circumvent the rules (Article 12).

**24. Does the meaning of “deposit” also include correspondent accounts for Russian banks, especially of Russian bank subsidiaries of banks headquartered in the EU?**

*Last update: 3 May 2022*

The prohibition applies to deposits from “legal persons, entities or bodies established in Russia”. Russian banks, including subsidiaries of banks headquartered in the EU, would fall under that definition and would therefore be subject to the prohibition. However, the prohibition shall not apply to deposits which are necessary for non-prohibited cross-border trade in goods and services between the European Union and Russia. Whether the deposit issued from the correspondent account qualifies for this exemption would need to be assessed on a case-by-case basis.

**25. Is it correct that any portion of a credit entry in excess to the EUR 100 000 aggregated limit should not be blocked but returned to the remitting bank or wired outward according to our customer instructions?**

*Last update: 3 May 2022*

[Council Regulation \(EU\) No 833/2014](#) prohibits the acceptance of deposits, but does not prescribe how credit institutions should do this. This will be left to the individual institution to decide, possibly in dialogue with the relevant customer.

**26. Should interest, dividend payments or coupon payments be booked if the EUR 100 000 limit is already exceeded?**

*Last update: 3 May 2022*

The payment of interest or dividend should in this case not be accepted. Where and how the interest or dividend payment should be made would need to be decided by the parties involved.

**27. Do legal persons, registered or established outside Russia, whose ultimate beneficial owner meets the criteria laid down in Article 5b(1), but not the exception criteria in Article 5b(2) or 5b(3), fall within the scope of the Regulation?**

*Last update: 3 May 2022*

The prohibition in Article 5b of Regulation 833/2014 and that in Article 1u of Regulation 765/2006 only apply to Russian/Belarusian nationals or natural person residing in Russia/Belarus or any legal person, entity or body established in Russia/Belarus. Strictly speaking, it does not apply to entities owned by Russian/Belarusian nationals or natural persons residing in Russia/Belarus when the entities are registered in a country other than Russia/Belarus.

However, the provision should be read in conjunction with Article 12 of Council Regulation 833/2014 and Article 1m of Regulation 765/2006 which prohibit to participate knowingly and intentionally in activities the object or effect of which is to circumvent prohibitions in the Regulation. EU operators should therefore exert enhanced due diligence when the deposit is made to an account of an entity owned by a Russian/Belarusian national or a natural person residing in Russia.

**28. Does Article 5b(3) exclude dual nationals (having Russian nationality and the nationality of an EU Member State) as well as persons of Russian nationality who have a temporary or permanent residence permit in another Member State?**

*Last update: 3 May 2022*

Yes, it does.

**29. How is the term “temporary or permanent residence permit in a Member State, in a country member of the European Economic Area or in Switzerland” in Article 5b(3) of [Council Regulation \(EU\) 833/2014](#) defined?**

*Last update: 3 May 2022*

Each State defines its own national rules thereon. However, it is worth recalling that pursuant to Article 12, it is prohibited to participate, knowingly and intentionally, in activities the object or effect of which is to circumvent prohibitions in the Regulation.

**30. Does the term “Russian nationals” in Article 5b of [Council Regulation \(EU\) No 833/2014](#) also include refugees from Russia who might not be able to easily discard their nationality and who might have found refuge in a non-EU country (such as Switzerland or Norway)?**

*Last update: 3 May 2022*

Dual nationals whose one nationality would be that of a Member State or a country that is a member of the European Economic Area or Switzerland, or otherwise natural persons having a temporary or permanent residence permit in a Member State or a country that is a member of the European Economic Area or Switzerland, fall under the exception laid down in Article 5b(3). If the dual nationality falls outside the scope of this exception (i.e. a dual national having both a Russian nationality and a nationality of a country other than that of a member of the European Union, the European Economic Area or Switzerland), the prohibition in Article 5b would apply.

**31. Does the restriction apply per banking licence or to a combination of EU banks?**

*Last update: 3 May 2022*

The restriction applies per banking license.

**32. What are the criteria for joint account holders to deposit euros into bank accounts?**

*Last update: 3 May 2022*

In cases where the two persons who share the account both fall within the scope of the prohibition to have deposits in excess of EUR 100 000 (i.e. they are Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia), then the joint account falls within the scope of the prohibition. As the prohibition applies per natural or legal person, entity or body, the total value of the deposits can be split over the two persons. For an account shared by two in-scope persons, the maximum value of deposits allowed to be held per credit institution would therefore be EUR 200 000.

In cases where one of the joint-account holders benefit from the exemption laid down in Article 5b(3), the prohibition to have deposits in excess of EUR 100 000 does not apply. However, pursuant to Article 12, the joint account shall not be used to circumvent the rules.

**33. Can currency exchange transactions be processed on behalf of a Russian national without account opening?**

*Last update: 3 May 2022*

This would be permissible as long as it does not result in deposits being accepted if the total value of deposits of the natural person or legal person, entity or body per credit institution exceeds EUR 100 000.

**34. How are basic accounts requested by refugees treated?**

*Last update: 3 May 2022*

Basic accounts are treated no differently from other accounts. The prohibition as set out in Article 5b, including the derogations for example set out in Article 5c(1)(a) for the basic needs of those in scope of the prohibition, would apply.

**35. How should the bank proceed if a deposit of a Russian national with temporary or permanent residence in a Member State exceeds EUR 100,000 and his/her residence permit later on expires or get revoked? Is there an obligation to reduce or block the amount of deposits exceeding EUR 100 000?**

*Last update: 3 May 2022*

When the residence permit is revoked, the Russian national no longer benefits from the exception to the prohibition in Article 5b(3). As the prohibition would start applying from that point in time, there would be no obligation to retrospectively reduce or block deposits exceeding EUR 100,000. From the point of revocation of the residence permit, it shall however be prohibited to accept any new deposit if the account balance is in excess of EUR 100,000.

**36. How should a Russian person who acts on behalf of an EU account holder and also carries out transactions including cash deposits on the account be treated regarding the prohibition in Article 5b?**

*Last update: 3 May 2022*

The prohibition in Article 5b applies to the deposits from Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia. Managing an account is not per se prohibited under the Regulation, however making deposits into it may fall under the prohibition if the other conditions are met. Note also that, EU operators should ensure, via their due diligence, and pursuant to Article 12 of Council Regulation 833/2014, that prohibitions are not circumvented.

**37. If a Russian national sells a property, in order to receive the purchase price, can he or she refer to a bank account in the EU or in a third country?**

*Last update: 17 May 2022*

Yes. The restriction in Article 5b(1) of Council Regulation (EU) No 833/2014 concerns deposits from Russian nationals or natural persons residing in Russia or legal persons, entities and bodies established in Russia. It follows that EU operators are not prohibited from making payments into the accounts held by these persons in the EU or in third countries.

If the buyer fit one of the criteria in Article 5b(1), EU credit institutions would in principle not be able to receive the purchase price if the amount threshold was reached. However, according to Article 5b(4), the restriction does not apply to deposits which are necessary for non-prohibited cross-border trade in goods and services between the Union and Russia. It should be noted that it is prohibited for EU operators to take part in any activities seeking to circumvent EU restrictive measures, for instance by acting as a substitute for a person referred to in Article 5b(1).

**38. If a Russian national acquires a property in the EU, can he or she transfer the purchase price from a bank account in the EU or in a third country?**

*Last update: 17 May 2022*

The restriction in Article 5b(1) of Council Regulation (EU) No 833/2014 concerns any deposits from Russian nationals or natural persons residing in Russia or legal persons, entities and bodies established in Russia. However, according to Article 5b(4), this does not apply to deposits which are necessary for non-prohibited cross-border trade in goods and services between the Union and Russia. It should be noted that it is prohibited for EU operators to take part in any activities seeking to circumvent EU restrictive measures, for instance by acting as a substitute for a person referred to in Article 5b(1).

**39. According to Article 5g imposing reporting obligations, could you please clarify to which Member State credit institutions shall report?**

*Last update: 23 May 2022*

The reporting instructions from the EBA template stipulate that: *“Credit institutions shall provide to the national competent authority of the Member State where they are located or to the Commission information regarding deposits as specified in Article 5g(1) of RSR and Article 1z of BSR. [...] The underlying data shall be reported by credit institutions on an individual basis, including data for their branches in the EU or third countries (data for branches to be included in the institution’s report).”*

Examples:

- Parent credit institution in Member State X: Parent credit institution reports its deposits to the NCA for sanctions in Member State X;
- Branch in Member State Y of the parent credit institution in Member State X: Parent credit institution in Member State X reports deposits of its branch in Member State Y to the NCA for sanctions in Member State X;

- Subsidiary in Member State Y of the parent credit institution in Member State X: Subsidiary reports its deposits to NCA in Member State Y;
- Branch in Russia of its subsidiary in Member State Y of the parent credit institution in Member State X: Subsidiary reports deposit of the Russia branch to NCA in Member State Y.

**40. Is the exemption for EU subsidiaries as referred in Article 5 also applicable to subsidiaries located in EEA and Switzerland, to they extend they do not act on behalf or directive of targeted entity?**

*Last update: 1 June 2022*

The derogation granted by Article 5b, paragraph 2 for nationals of EEA or Switzerland is strictly connected to paragraph 1 of the same article and only relates to natural persons. This derogation cannot be extended by analogy to other provisions under EU sanctions, unless explicitly mentioned in those provisions.

Please also note that EU sanctions do not apply extra-territorially. In accordance with Article 13, the Regulation applies (i) within the territory of the Union; (ii) on board any aircraft or any vessel under the jurisdiction of a Member State; (iii) to any person inside or outside the territory of the Union who is a national of a Member State; (iv) to any legal person, entity or body, inside or outside the territory of the Union, which is incorporated or constituted under the law of a Member State; (v) to any legal person, entity or body in respect of any business done in whole or in part within the Union.

Therefore, EU sanctions must be complied with by all EU persons – both natural and legal – and therefore all EU incorporated companies, including subsidiaries of third country companies in the EU. By contrast, third country subsidiaries of EU parent companies are incorporated under third country law, not under the law of a Member States, hence they are not bound by the measures. However, it is prohibited under Article 12 for EU parent companies to use their third country subsidiaries to circumvent the obligations that apply to the EU parent, for instance by delegating to them decisions that run counter the sanctions.