STATE-OWNED ENTERPRISES

RELATED PROVISION: ARTICLE 5aa OF COUNCIL REGULATION 833/2014

FREQUENTLY ASKED QUESTIONS – AS OF 21 NOVEMBER 2025

1. **What is prohibited under Article 5aa?**
   Last update: 11 May 2022

This provision prohibits the conclusion of new contracts after 16 March 2022 with the legal persons contained in the Annex. The prohibition also applies to the execution of existing ones after 15 May 2022 or to the provision of any sort of economically valuable benefit (such as services or payments), even in the absence of such contractual relationship. The Article does not prescribe the consequences that the prohibition should have on any ongoing contractual relations; an EU operator should take the measures necessary in light of its specific situation to halt its dealings by the end of the wind-down period on 15 May 2022.

2. **What does "acting on behalf or at the direction of" mean?**
   Last update: 23 October 2023

Article 5aa(1)(c) prohibits to directly or indirectly engage in any transaction with a legal person, entity or body 'acting on behalf or at the direction of' an entity referred to in point (a) or (b) of this Article 5aa(1). Article 5aa(1)(c) seeks to address situations where an entity in Annex XIX attempts to circumvent the application of EU sanctions, for instance by changing the formal ownership of a company to side-step the application of Article 5aa (1)(b).

Guidance has been provided by the Commission to support such determinations, such as the criteria listed in the Commission opinion dated 17 October 2019. It addresses this notion of 'acting on behalf or at the direction' and notably this excerpt: "Ownership or control of the [targeted person/entity over the other entity] is an element that can be considered […] to increase the likelihood of [acting on behalf or at the direction of the targeted person/entity], but cannot suffice in determining whether the conduct did occur. In the absence of a definition and/or criteria that can be used to assess whether an entity acted on behalf or at the direction of a targeted entity, the NCA should take into account all the relevant circumstances in order to establish the situation at hand. These can include, for example, the precise ownership/control structure, including links between natural persons; the nature and purpose of the transaction, coupled with the stated business duties of the entity that is owned or controlled; previous instances of acting on behalf or at the direction of the targeted entity; disclosure made by third parties and/or factual evidence indicating that directions were given by the targeted entity".

For instance, a company previously falling under the scope of Article 5aa(1)(b) is likely to be 'acting on behalf or at the direction of' an entity in Annex XIX (Article 5aa(1)(c)) if the

ownership structure of the company is modified to reduce the shareholding owned by the entity in Annex XIX to 50% or below according to the ownership designation criterion. This might occur in cases where the share transfer is operated within the same corporate group and/or the transfer occurs close to the date of inclusion into Annex XIX of the relevant entity or of the issuance of guidance clarifying the implementation of the measure and/or if any material influence over the relevant entity is maintained (e.g. veto rights or any other influence over the management of the entity). In such a situation, there are reasonable grounds to suspect that the share transfer has been put in place in bad faith to camouflage the effective ownership or control and to circumvent the applicability of Article 5aa.

Based on such a determination, the prohibition requires that any provision of an economically valuable benefit in favour of the entity 'acting on behalf or at the direction of' be terminated. Where the termination of transactions with such an entity could affect the security of supply, operators should allow for a sufficient wind-down period (e.g. 60 days) to avoid unintended consequences before halting ongoing operations.

3. **Regarding the scope of the exception provided in Article 5aa(2) of Council Regulation (EU) 833/2014, in the context of a credit agreement, do we understand correctly that "execution" means that the credit line can be drawn until 15 May 2022, with the subsequent repayment after such date? Or both also the repayment has to happen before 15 May 2022?**
   Last update: 16 June 2022

The intention of Article 5aa is to prohibit all dealings with the legal persons listed in the Annex. In this regard, repayments in the context of a credit agreement are covered by this transaction ban since they amount to the execution of a contract and should have been finalised by 15 May 2022.

However, since 3 June 2022, in accordance with Council Regulation (EU) 2022/879, the reception of payments due by the legal persons, entities or bodies referred to in paragraph 1 pursuant to contracts performed before 15 May 2022 is allowed under paragraph 2a.

4. **Does Article 5aa(3)(c) of Regulation 833/2014 permit the purchase of Annex XXI coal products from an entity listed in Annex XIX, in circumstances where the contract is entered into after 9 April 2022?**
   Last update: 30 June 2023

Article 5aa(3)(c) should be read in conjunction with former Article 3j, in particular the wind-down period provided for in paragraph 3. Accordingly, transactions falling under the scope of Article 5aa(3)(c) were possible until 10th August 2022 only for contracts concluded before 9 April 2022.

As explained in recital 51 of Council Regulation (EU) 2023/1214 (“11th sanctions package”), which entered into force on 24 June 2023, Article 3j and Annex XXII were deleted because the prohibition concerning coal imports is covered by Article 3i and Annex XXI of Regulation (EU) No 833/2014.

5. **Does the prohibition under Article 5aa extend to the provision of legal services to entities listed in Annex XIX?**
   Last update: 16 June 2022

With regards to the provision of the related legal services, Article 5aa should be interpreted in light of the fundamental rights protected under the Charter of Fundamental Rights, in particular the right of defence. This provision does not affect the provision of services that are strictly necessary for the exercise of the right of defence in judicial proceedings and the right to an effective legal remedy as referred in Article 47 of the EU Charter of Fundamental Rights and Article 6 of the European Convention on Human Rights.

6. **Does an EU operator engage indirectly with an entity targeted by Article 5aa if it provides insurance coverage to a vessel calling into a port owned by this entity?**
   Last update: 21 November 2025

The provision of insurance coverage for a vessel calling into a port owned by an entity listed in Annex XIX is not prohibited under Article 5aa as the provision of insurance to this vessel is not a direct or indirect transaction with the entity.

However, should the insured damage materialise, an EU insurer would only be allowed to make a direct payment to the port or reimburse liabilities for damages occurring in such a port if the latter is owned by an entity targeted by Article 5aa and listed in Annex XIX if the purpose of the entry into the port of the vessel was the transport of goods as provided in an exemption under paragraphs 3(a),(aa) and (f) which relate to the purchase, import, transport of certain goods.

Please note that with the adoption of the 19th sanctions package (Council Regulation 2033/2025), the exemption in paragraph 3 (a) and (aa) no longer apply to Rosneft (entry number 4 of Part A of Annex XIX) and Gazpromneft (entry number 6 of Part A of Annex XIX).

6a. Can an EU insurer provide and pay out an insurance claim for a damage that has occurred in a port owned by an entity in Annex XIX?
Last update: 21 November 2025

Under the exemptions in Article 5aa, paragraphs 3(a), (aa) and (f) which allows certain transactions, including the transport of certain goods, EU insurers can provide coverage to vessels calling a port owned by an entity in Annex XIX.

Where the insured damage materialises, the payment of a claim directly to the port or the reimbursement of liabilities to the policyholder is lawful provided the necessary due diligence was carried out to ascertain that the damage occurred for the transport of the products referred to under paragraphs 3(a), (aa) and (f) and under the conditions described in the Article. For further information on the Oil Price Cap, please refer to the dedicated FAQs.

Please note that with the adoption of the 19th sanctions package (Council Regulation 2033/2025), the exemption in paragraph 3 (a) and (aa) no longer apply to Rosneft (entry number 4 of Part A of Annex XIX) and Gazpromneft (entry number 6 of Part A of Annex XIX).

7. **The Russian Maritime Registry of Shipping was already subject to EU sanctions, what is the difference with the current measure?**
   Last update: 10 November 2022

On 9 March 2022, the Russian Maritime Registry of Shipping ('RMRS') was added to the list of entities subject to financing limitations via loans, transferable securities and money market instruments (Article 5, paragraph 4, Council Regulation 833/2014).

On 7 October 2022, the Council decided to subject this entity to a transaction ban under Article 5aa of Council Regulation 833/2014. This measure prohibits the carrying out of any transaction, including for the provision of any sort of economically valuable benefit to the Russian Maritime Registry of Shipping. Such transactions cannot, for instance, be carried out by any EU vessel or any company incorporated or constituted under the law of a Member State, irrespective of where it is located. This prohibition also applies within the territory of the Union and where business is done in whole or in part within the Union (per Article 13 of Council Regulation 833/2014). EU sanctions do not apply extra-territorially, hence Article 5aa does not prohibit foreign operators, including non-EU vessels, from transacting with RMRS outside of the EU *e.g.* receive certification.

8. **Can a non-EU vessel with RMRS certification enter EU territorial waters?**
   Last update: 10 November 2022

Yes. EU sanctions do not prohibit the recognition of an RMRS certificate required to enter EU territorial waters. From 8 April 2023, all vessels with an RMRS certification will be prohibited access to EU ports (see FAQs relating to the port access ban provision, Article 3ea of Council Regulation 833/2014). However, the access to ports of such vessels remains allowed, subject to an authorization by the national competent authorities, for the purchase, import or transport of pharmaceutical, medical, agricultural and food products, including wheat and fertilisers.

9. **Can the Russian Maritime Registry for Shipping still act as an EU 'Recognised Organisation'?**
   Last update: 18 October 2022

The EU has withdrawn the recognition of the Russian Maritime Register of Shipping to act as a recognised ship inspection and survey organisation [1] in the EU (so-called 'Recognised Organisation') **with immediate effect[2]**. This means that an EU flag State can no longer enter into, or renew, any authorisations with RMRS nor delegate any work to it. Likewise, the Member States cannot delegate any verification in the ship security field or any safety inspection for the inland waterways purposes.

10. What does the placing of the Russian Maritime Registry for Shipping in Annex XIX imply for Member States' obligations?
Last update: 18 October 2022

It is necessary for Member States that still have any delegations with this entity to withdraw these for the measure to take full effect. Accordingly, Article 1ab, paragraphs 1, 4, and 5 of Council Decision 2014/512/CFSP sets out a timeframe for the Member States to arrange for an orderly wind-down of such authorisations.

Any EU Member State as flag State having delegated any work to the Russian Maritime Register of Shipping for **maritime safety related work on ships** must withdraw those authorisations before 5 January 2023 (Article 1ab, paragraph 1).

The same wind-down period and end date, 5 January 2023, applies for any authorisation by any EU flag State to RMRS to act as a 'Recognised Security Organisation' (Article 1ab, paragraph 4).

The wind-down period for any authorisations to RMRS to perform any work on Inland Waterway ships is earlier and should be done before 6 November 2022 (Article 1ab, paragraph 5).

Until such authorisations have been withdrawn, Member States shall not allow, or grant a delegation to, the Russian Maritime Register of Shipping to perform any of the tasks which, in accordance with Union rules on maritime safety, are reserved to organisations recognised by the Union, including to undertake inspections and surveys related to statutory certificates as well as to issue, endorse or renew the related certificates.

11. When will statutory certificates issued by the Russian Maritime Registry of Shipping to economic operators be invalidated?
Last update: 18 October 2022

Statutory certificates issued on behalf of a Member State by RMRS to any EU flagged ships or inland waterway vessels before 7 October 2022 will expire on the date indicated on the certificate without possibility of renewal, if not withdrawn before that date by the national competent authorities. They will in any case cease to be valid by the 8 April 2023 at the latest (Article 1ab, paragraphs 2 and 6 of Council Decision 2014/512/CFSP).

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[1] Classification Society/Recognised Organisation is a technical body that can be authorised via a delegation agreement, to carry out certain technical work on vessels on behalf of the flag State and may also be authorised to issue the relevant statutory certificates to economic operators on behalf of the flag State.

[2] Article 5aa, paragraph 4, of Council Regulation 833/2014 and Article 1ab, paragraph 3, of Council Decision 2014/512/CFSP.

This applies with regards to maritime safety[3], maritime security[4] and for inland navigation[5].

EU flagged vessels still having RMRS certification can remain under the same EU flag, and can have new certificates issued on their behalf by another EU 'Recognised Organisation' after a transfer of class, or by the flag State itself.

12. Can a currently EU recognised organisation work with RMRS for the purpose of transfer of class?
Last update: 18 October 2022

Yes. EU recognised organisations that have been delegated to undertake the inspection and certification of ships classed or certified for statutory purposes until now by RMRS could continue working with RMRS for the purposes of transfer of class until 8 April 2023.

13. Does Article 5aa prohibit transactions with the Russian Maritime Register of Shipping for the transport of agricultural and food products?
Last update: 8 March 2023

No. The transaction ban contains an exemption for transactions necessary for the purchase, import or transport of agricultural and food products, including wheat and fertilisers whose import, purchase and transport is allowed under Council Regulation (EU) 833/2014.

Accordingly, under this exemption, EU operators such as EU insurance providers can provide the services to RMRS, directly or indirectly, if they are necessary for the purchase, import or transport of such products without having to request an authorisation to a Member State.

EU sanctions do not apply extra-territorially, hence Article 5aa does not prohibit operators that are not established under the jurisdiction of an EU Member State, including non-EU vessels, from transacting with RMRS outside of the EU, for purchase, import or transport in the aforesaid products.

14. Does Article 5aa prohibit transactions with a company that is minority owned by an entity listed in Annex XIX?
Last update: 30 June 2023

Article 5aa does not apply to companies in which an entity or entities listed in Annex XIX owns a minority shareholding (meaning that proprietary rights are directly or indirectly owned for less than 50 % by an entity listed in Annex XIX), except if such a company is found to be acting on the behalf or at the direction of an entity listed in Annex XIX (Article 5aa paragraph 1(c)).

Accordingly, it is necessary to assess, on a case-by-case basis, whether such a minority owned company is owned directly or indirectly for more than 50% or is acting on behalf of or at the

[3] Russian Maritime Registry of Shipping acting as an EU 'Recognised Organisation' per Directive 2009/15/EC
[4] Russian Maritime Registry of Shipping acting as an EU 'Recongised Secuirty Organisation' per Regulation (EC) No 725/2004 or Directive 2005/65/EC
[5] Russian Maritime Registry of Shipping acting as an EU 'Recognised Organisation' per Directive (EU) 2016/1629

direction of the entity listed in Annex XIX. Please refer to FAQ 2 for more information regarding this assessment.

Moreover, the fact that an entity listed in Annex XIX holds a minority ownership interest in a company, even where such a company carries out a project located in Russia, does not mean that an EU operator would automatically 'directly or indirectly engage in transactions' with a person listed in Annex XIX or with an entity acting on behalf or at the direction of that entity. In such a scenario, it is required to make a case-by-case assessment for each transaction.

15. **Are maintenance and repair services considered strictly necessary for the purposes of Article 5aa paragraph 3(aa)?**
Last update: 30 June 2023

Unless prohibited under Article 3m or 3n as well as Article 3f, it is possible to provide or receive maintenance and repairs services to vessels transporting natural gas, oil, or refined petroleum products from or through Russia required for concerns of maritime safety. Other services, such as tug services can also be provided.

16. **Sovcomflot is subject to the transaction ban in Article 5aa of Council Regulation (EU) 833/2014. Since 24 June 2024, Sovcomflot is also subject to an asset freeze and a prohibition to provide funds or economic resources to it, under Council Regulation (EU) 269/2014. Under the transaction ban in Article 5aa of Council Regulation (EU) 833/2014, Sovcomflot benefits from the exemptions in paragraph 3 of that article. Can Sovcomflot benefit from such exemptions after its listing in Council Regulation (EU) 269/2014 on 24 June 2024?**
Last update: 2 July 2024

As stated in *FAQs 18 and 19 on General Questions*, the prohibitions set out in Council Regulation (EU) 269/2014 and 833/2014 apply independently. If a specific action is prohibited under Council Regulation (EU) 269/2014, an exception in Council Regulation (EU) 833/2014 cannot be relied upon to exempt an operator from the prohibition in Council Regulation (EU) 269/2014.

The asset freeze and prohibition to provide funds or economic resources provided for in Council Regulation (EU) 269/2014 apply in full to Sovcomflot, subject only to possible exceptions contained in Council Regulation (EU) 269/2014. The exceptions in Council Regulation (EU) 269/2014 can only be relied upon in as far as they do not conflict with the prohibition laid down in Article 5aa of Council Regulation (EU) 833/2014. Any exceptions in Council Regulation (EU) 833/2014 are irrelevant for the asset freeze measures.

Accordingly, it is prohibited for EU operators to provide any funds or economic resources to Sovcomflot. It is also prohibited to provide any funds or economic resources to vessels owned by Sovcomflot as it can be presumed that any funds or economic resources made available to those vessels would reach or benefit Sovcomflot. *See FAQs on Assets freeze and prohibition to provide funds or economic resources.*

The provision of funds or economic resources to vessels owned by Sovcomflot is prohibited irrespective of whether the oil transported by such vessels was purchased at or below the Oil Price Cap. The exemption set out in Article 5aa of Council Regulation (EU) 833/2014 (Article 5aa(3)(aa)) cannot apply.

17. **Does the transaction in Art.5aa also cover transactions between Union subsidiary and their Russian parent company listed in Annex XIX to Council Regulation (EU) No 833/2014?**
Last update: 8 September 2025

As stated in recital No. 12 of Regulation (EU) No 1494/2025, the scope of the transaction ban set out in Article 5aa(1) should be interpreted in a broad sense and should encompass all kinds of transactions.

In this context, with regard to the relationship between a Union subsidiary and a Russian parent company listed in Annex XIX to Regulation (EU) No 833/2014, the transaction ban should to a large extent result, in practice, in the de-coupling of the subsidiary from its Russian parent company. Consequently, directly or indirectly obtaining approvals that, under the terms of an intra-corporation agreement or pursuant to another legal requirement, subsidiaries may have to obtain from a listed parent company, or executing instructions given directly or indirectly by a listed parent company, could lead to a subsidiary qualifying as acting on behalf of or at the direction of an entity referred to in Article 5aa(1), point (a) or (b), of Regulation (EU) No 833/2014, and in accordance with point (c) of that paragraph.

Consequently, that subsidiary, depending on the specific circumstances, may fall within the scope of the transaction ban. Actions which demonstrate that the subsidiary acts on behalf of or at the direction of a Russian entity include the appointment or dismissal of any authorised representatives of the Union subsidiary, or the receipt of instructions from, or approvals by, an intermediary entity not engaged in operational business activities.

As a result of those consequences, a need may arise for measures to safeguard the continuance of a subsidiary acting on behalf of or at the direction of entities referred to in Article 5aa(1), point (a) or (b), of Regulation (EU) No 833/2014, for example by imposing a public trusteeship or a similar firewall measure on such a subsidiary.

To ensure the continued functioning of, and compliance with restrictive measures by, subsidiaries acting on behalf of or at the direction of entities referred to in Article 5aa(1), point (a) or (b), of Regulation (EU) No 833/2014, Decision (CFSP) 2025/1495 introduces in Article 1aa(2f) an exemption from the transaction ban, provided that a competent authority has imposed a public trusteeship or similar public firewall measure or the competent authority has authorised a similar firewall measure. This should be without prejudice to other restrictive measures.

Such public trusteeship or similar measure may, subject to national law, be imposed or authorised also by the national competent authorities in charge of the relevant sector or area in which the subsidiary operates. Given the importance of the transaction ban in Article 5aa(1) of, and the legal persons, entities and bodies listed in Annex XIX to, Regulation (EU) No 833/2014,

it is necessary to apply strict criteria when a public trusteeship or a similar firewall measure is imposed.