Anti-Money Laundering Newsletter

Main new legislation and news in relation to Anti-Money Laundering and combating Terrorism Financing (AML/TF) - 2Q22

Spain

November 2022

GARRIGUES

1. The Business Creation and Growth Law introduces changes into the anti-money laundering and counter-terrorism financing law

Business Creation and Growth Law 18/2022, of September 28, 2022 published in the Official State Gazette on September 29, 2022, reforms Anti-Money Laundering and Counter-Terrorism Financing Law 10/2010 in its financial provision two**.**

It involves a very limited reform that introduces certain relevant changes already included in the latest EU directives that had not been implemented by Spanish law. It also includes provisions focused on the area of personal data protection and their AML/CFT implications.

The specific provisions concerned are as follows:

(i) **Article 2.3** of Law 10/2010 is amended to include the cases in which the **electronic money institutions, payment institutions** and natural and legal persons referred to in Royal Decree-Law 19/2018, of November 23, 2018, on payment services and other urgent financial measures**, are excluded from treatment as an obliged entity, provided that it can be evidenced that there is a low risk of money laundering or terrorist financing.**

(ii) In addition, article 12.1.a) of the law (**non-face-to-face business relationships and transactions**) is amended to clarify that in all cases in which the **electronic signature** used does not meet the requirements of a qualified electronic signature, the obliged entity must still obtain a copy of the identification document within one month after the business relationship starts. In other words, although the use of a non-qualified electronic signature is accepted for the purposes of non-face-to-face identification, this electronic signature will not exempt the obliged entity from having to obtain a copy of the identification document.

(iii) Obliged entities that belong to the same category (credit institutions, jeweler's shops, insurance companies, etc.) are permitted to create **common systems for information, storage and gathered documentation** for the purposes of complying with the due diligence obligations set out in Law 10/2010. The maintenance of these systems may be entrusted to a third party, even if it is not an obliged entity. The data obtained as a result of accessing the system may only be used for compliance by obliged entities with due diligence obligations. Obliged entities may only access the information provided by another obliged entity in cases where the person to whom the data relates is their customer. The data will be input in the system by the internal control bodies. These bodies will also channel any requests for access to the data contained in the system.

    These obliged entities will be joint controllers of the data in this system and, therefore, will acquire new obligations, among others, the need to: (i) give notice of its creation to the Anti-Money Laundering Commission, (ii) inform the data subjects of the disclosure of their data to the system, if applicable, or (iii) reply to requests to exercise rights.

In the area of **data protection**, the main changes include the adjustment of the former articles of LOPD 15/1999 to the corresponding articles of the GDPR, while maintaining some of the aspects that were already regulated, such as (i) the absence of the need for consent, (ii) the exemption of the duty to give notice of the processing of data for this purpose, and (iii) the inappropriateness of responding to requests from data subjects to exercise their rights with respect to information concerning suspicious transactions that are reported to Sepblac.

As new developments in this area, the following may be highlighted:

(i) The need for obliged entities to conduct a DPIA (data protection impact assessment) in order to adopt the technical and organizational measures to ensure the integrity, confidentiality and availability of the personal data. Such measures must in all cases ensure the traceability of data accesses and disclosure. Only internal control bodies should carry out the processing.

(ii) Likewise, obliged entities or parties that develop the systems that serve to support the exchange of information through common information systems must conduct an assessment of the impact that such processing has on data protection in order to adopt enhanced technical and organizational measures to ensure the integrity, confidentiality and availability of the personal data. Enhanced security and control measures will be applied.

2. Legislation and publications by official bodies

Sepblac publishes data on activities in 2021

On August 5, 2022, Sepblac published data on the activities it carried out in 2021, exercising its powers as the Financial Intelligence Unit (FIU), as supervisory authority and as the body entrusted with maintaining the Centralized Banking Account Register.

Of note are the types of information received, particularly **information requests to the FIU** (up 45%); increased activity in **international supervisory cooperation** and authorization processes in the registration of new obliged entities, **cryptoasset service providers**, as well as increased activity in **queries of the Centralized Banking Account Register**.

Fewer inspections

In 2021 the FIU conducted 47% fewer inspections of obliged entities than in 2020 (30 compared with 57 the previous year).

Inspections of credit cooperatives (5), banks and saving banks (3) and notaries (3) were the most numerous.

Although supervisory activity has been less intense, there has been **greater activity in international supervisory cooperation**, with the participation of Spanish supervisors (Bank of Spain, CNMV and DGSFP) in 81 EU AML/CFT supervisory colleges compared with 7 the previous year).

International cooperation	2019		2020			2021		
	No.	%	No.	%	Var.	No.	%	Var.
Participation in EU AML/CFT supervisory colleges with prudential supervisors (Bank of Spain, CNMV and DGSFP)	3	11.5%	7	15.6%	133%	81	71.7%	1057%
Information exchanges with other supervisors	21	80.8%	25	55.6%	19%	22	19.5%	-12%
Cooperation with other authorities and supervisors in AML/CFT matters	2	7.7%	13	28.9%	550%	10	8.8%	-23%
Total	**26**	**100%**	**45**	**100%**	**73%**	**113**	**100%**	**151%**

Submission to 190 obliged entities (credit institutions) of the **annual structured information questionnaire** continues to fall within the supervisory actions by type.

More authorization procedures

A significant increase in the authorized procedures managed was recorded in the period.

The data on the preparation of mandatory reports show a significant increase of 20% in the **creation of financial institutions,** particularly as a result of the request for **structural modifications** of regulated companies (71%). Likewise, **cryptoasset service providers** have participated in 28 authorization processes in the registration of new obliged entities.

Authorization procedures	2019		2020			2021		
	No.	%	No.	%	Var.	No.	%	Var.
Creation of financial institutions	207	67.0%	123	56.9%	-41%	148	53.2%	20%
Acquisition of significant holdings	78	25.2%	76	35.2%	-3%	66	23.7%	-13%
Structural modifications	21	6.8%	14	6.5%	-33%	24	8.6%	71%
Register of providers engaged in exchange services between virtual currencies and fiat currencies and custodian wallet providers						28	10.1%	
Amendment of bylaws	3	1.0%	3	1.4%	0%	12	4.3%	300%
Total	**309**	**100%**	**216**	**100%**	**-30%**	**278**	**100%**	**29%**

Sepblac receives fewer suspicious transaction reports

A total of 11,459 transactions were reported as suspicious, reflecting a **year-on-year decrease of 10%.** By segment, **financial-sector obliged entities** once again made the most reports of suspicious transactions, at 9,139. And, within these, those sent by **banks**, which account for over half of the total.

The annual aggregate value is 24% lower than in 2020 and bucks the growing trend seen in recent years.

Reports by **payment institutions** (which grew by 64%, to 1,538) and those made by **electronic money institutions** (up 86%, to 542) also stood out.

As for **non-financial obliged entities** (1,522), reports by **notaries** and **registrars** were again the most numerous: 592 and 238 respectively; which evidences their vital role in preventing money laundering and terrorism financing. Reports made by **lotteries and the like** rose 16%, coming in at 275; whereas reports by **gaming casinos** rose 250%, for a total of 7 reports.

Source of suspicious transaction reports	2019		2020			2021		
	No.	%	No.	%	Var.	No.	%	Var.
Financial obliged entities	6,184	81.6%	10,553	83.2%	71%	9,139	79.8%	-13%
Non-financial obliged entities	1,041	13.7%	1,556	12.3%	49%	1,522	13.3%	-2%
International cooperation	251	3.3%	379	3.0%	51%	569	5.0%	50%
Sepblac (alerts generated)	56	0.7%	53	0.4%	-5%	63	0.5%	19%
Other reporting parties	48	0.6%	141	1.1%	194%	166	1.4%	18%
Total	**7,580**	**100%**	**12,682**	**100%**	**67%**	**11,459**	**100%**	**-10%**

The new EBA guidelines on the role and responsibility of boards of directors clearly distinguish between the role of the compliance manager and the compliance officer in AML/CFT matters.

On June 14, 2022, the EBA published its **Guidelines on the role and responsibilities of the AML/CFT compliance officer (EBA/GL/2022/05).** These guidelines are intended to ensure a common understanding and implementation of the requirements in Directive 2015/849 with a view

to resolving the adverse consequences that have arisen for the EU's financial system from the requirements being implemented unevenly and not always being applied effectively. If further implements article 9 "Compliance functions" of the Proposal for a Regulation of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (Proposal for an AML/CTF Regulation).

Directive 2015/8491 already specifically included the need to appoint a ***compliance officer*** **(CO)** within the organization, who is an employee of sufficient rank, whose main function, within the control structure, is to take responsibility for the design and proper implementation of the AML/CTF policy in the organization's day-to-day operations. Article 46(4) of the same directive includes the role of ***compliance manager*** **(CM):** a member of the board of directors who will be responsible for the implementation of the laws, regulations and administrative provisions necessary to comply with the directive (however, this role has yet to be implemented in Spanish law and has not been required so far).

In Spanish law there is a certain parallel, on the one hand, between the role of CM and the representative to Sepblac and, on the other, between the CO and the body responsible for the AML/CTF function. While the functions assigned to the two roles are more similar in the second case, the role of representative to Sepblac assumes responsibility only for complying with reporting obligations, whereas the CM performs a function centered on informing the board of any obstacle that may arise in the obliged entity's control system. In addition, the representative to Sepblac must hold a managerial or executive position, but Spanish law does not require the representative to sit on the board of directors as it does require the CM to do.

The new EBA guidelines include recommendations for financial institutions regarding the functions that the CO should perform at both the local and group level. The guidelines also detail the functions and the criteria to be followed in appointing the CM, specifying that his senior manager must:

> "have **sufficient knowledge, skills and experience** regarding ML/TF risks, and the implementation of AML/CFT policies, controls and procedures, with a **good understanding of the credit or financial institution's business model** and the sector in which the credit or financial institution operates. In addition, he/she should be given sufficient **time, resources and authority** to perform his/her duties effectively.
>
> Without prejudice to the overall and collective responsibility of the management body, when appointing the member of the management body, or the senior manager referred to in paragraphs 17 and 19, credit or financial institutions should identify and **take into account potential conflicts of interest and take steps to avoid or mitigate them**."

It should be noted that, although the EBA guidelines are not enforceable between the member states, the Spanish supervisors have adopted the criteria set out in the guidelines since they were published. These guidelines will apply from December 1, 2022.

With the expected approval of the Proposal for an AML/CTF Regulation, which will immediately apply in the legal systems of all the EU Member States, all obliged entities will be directly required to appoint, from among the board members, a compliance manager responsible for the AML/CTF function. However, we will have to wait to analyze the contents of the final version of the text that is approved.

Changes introduced by Organic Law 9/2022, of July 28, 2022, the principal aim of which is to strengthen the fight against financial fraud, money laundering and terrorist financing.

August 29, 2022 marked the entry into force of **Organic Law 9/2022, of July 28, 2022**, transposing **Directive 2019/1153 of the European Parliament and of the Council**, laying down rules facilitating **the use of financial and other information for the prevention**, detection, investigation or prosecution of certain criminal offenses, amending Organic Law 8/1980, of September 22, 1980, on autonomous community financing and other connected provisions, and amending Criminal Code Organic Law 10/1995, of November 23, 1995. The main objective is to facilitate the exchange of and access to financial data in order to prevent, detect, investigate or prosecute, that is, to strengthen the fight against financial fraud, money laundering and terrorist financing, as well as other serious criminal offenses.

The main new changes affecting the fight against money laundering introduced by the transposition of Directive 2019/1153 are:

(i) **Regulation of access to the information contained in the Centralized Banking Account Register:** the law gives the competent authorities direct and immediate access to the register, including Sepblac.

The authorities that are competent to access and consult the register are the judges and courts of the criminal jurisdiction, the Public Prosecutor’s Office, the European Public Prosecutor; the law enforcement agencies of the State, the autonomous community police forces with statutory powers to investigate serious criminal offenses; the asset management and recovery office of the Ministry of Justice; the asset recovery offices designated by Spain and, lastly, the deputy directorate for customs supervision of the State Tax Agency.

The prior authorization that law enforcement agencies had to obtain from the courts or the Public Prosecutor’s Office to access the register has been eliminated. However, if they require access beyond ownership data, such prior authorization will be necessary.

(ii) **Regulation of cooperation for the exchange of financial information between the competent authorities and Sepblac, with other EU Member States and with the European Union Agency for Law Enforcement Cooperation (Europol).**

The law states that Sepblac and the competent authorities are in charge of replying to police-related requests as soon as possible and, where financial information is involved, before 72 hours elapse.

With a view to ensuring more effective exchanges of information and closer coordination between the national authorities at cross-border level, Law 9/2022 also permits Europol to access the data of the register indirectly through the EU Member States’ national units.

(iii) **Personal data safeguards and processing.** Express provision is made to have regard to the provisions of: (i) Organic Law 7/2021, of May 26, 2021, on the protection of personal data for the purposes of prevention, investigation, detection or prosecution of criminal offenses or the execution of criminal penalties; (ii) Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons; (iii) Organic Law 3/2018, of December 5, 2018, on Data Protection and the Safeguard of Digital Rights; and (iv) Law 10/2010.

The FATF updated its guidance on risks for the real estate sector

On July 26, 2022, the Financial Action Task Force (FATF) updated its guidance for a risk-based approach for the real estate sector with input from the private sector, including through a public consultation in March-April 2022.

The professionals involved in the real estate sector, from real estate agents to notaries, play an important role in preventing criminals from laundering their illicit assets through real estate transactions.

The FATF's evaluations identify that the real estate sector is often not aware of these risks and does not effectively mitigate them. This new guide highlights how important it is for the real estate sector to gain a better understanding of the risks it faces. Vulnerabilities include misuse by politically exposed persons (PEPs), the purchase of luxury properties, the use of virtual assets and the use of anonymous companies as instruments for laundering illicit assets.

The most relevant points of the guidance are as follows:

- Strong recommendation to adopt efficient and appropriate customer due diligence, applying enhanced due diligence measures in higher-risk situations such as:
  - Transactions involving PEPs (current or former public officials).
  - Purchase of luxury real estate.
  - Use of virtual assets.
  - Use of anonymous companies and professional services in real estate transactions.
- Recommendation that the competent authorities should have access to information on the beneficial owners of the real estate transaction, encouraging countries to ensure that this information is recorded in a public register or through an equally efficient alternative mechanism.
- As regards transaction risk, the FATF notes that special attention should be paid to: (i) the use of third parties; (ii) accounts held abroad or persons or entities located in risk countries; (iii) diversified payment types (cash, cryptocurrencies, etc.) and more.

Updates to Sepblac's DMO software.

Sepblac's mandatory monthly reporting software, DMO, available for download on the agency's website, allows obliged entities to easily comply with the systematic reporting obligations established in article 20 of Law 10/2010, of April 28, 2010, on anti-money laundering and counter-terrorist financing.

To ensure a secure exchange of information, reports made through the DMO software are encrypted using digital certificates. Since its certification expired in July 2022, Sepblac has renewed its public certificate. Consequently, **from June 30, 2022 on, all obliged entities using the DMO software must update the Sepblac public certificate installed by default in the software.**

After that date, reports can only be submitted from devices on which the Sepblac public certificate has been updated. Reports submitted after that date from devices on which the Sepblac public certificate has not been updated cannot be processed and will therefore be rejected.

Failure to update the Sepblac public certificate means MMR reports cannot be made, which would mean breaching the systematic reporting obligation established in Law 10/2010.

Sepblac's new public certificate and instructions for installing it in the DMO software can be downloaded here:

- Sepblac public certificate 2022
- How to update the Sepblac public certificate

Agreement for Sepblac technology bid

The Bank of Spain has published a framework agreement for digital transformation of Sepblac through a €19.1 million contract award, as announced in the bidding terms published on the official government procurement platform.

The contract is for IT services to implement the initiatives falling under the Digital Transformation Plan being rolled out by Sepblac in accordance with the European Union's strategic guidelines.

The plan aims to improve communication with third parties, boost efficiency, simplicity and agility in business processes, to endow Sepblac with advanced analytics capability and to improve overall quality.

European supervisors publish a joint report on withdrawal of licenses for infringing anti-money laundering rules

The European supervisory authorities (the ESAs, namely the EBA, the EIOPA and the ESMA) published a joint report providing a comprehensive analysis on the adequacy and uniformity of the applicable laws and practices on the withdrawal of license for serious breaches of the rules on anti-money laundering and countering the financing of terrorism.

The report aims to introduce in all relevant EU sectoral laws a specific legal ground to revoke licenses for serious breaches of AML/CFT rules.

It also calls for the inclusion of assessments by competent authorities of the adequacy of the processes to ensure AML/CFT compliance as one condition for granting authorization and/or registration. For this purpose, cooperation between prudential supervisors and AML/CFT supervisors should be ensured.

The joint report highlights the importance of the appropriate integration of AML/CFT issues into prudential regulation and supervision, including in the proposal for the Markets in Crypto-Assets Regulation (MiCA), currently under negotiation.

Furthermore, it sets out criteria for authorities to follow as regards the notion of serious breach of AML/CFT rules, highlighting that the identification of a serious breach must always be subject to a case-by-case assessment by the AML/CFT supervisor.

Lastly, the joint report provides a preliminary analysis of the interaction between such serious breaches and the crisis management and resolution frameworks.

EBA report on the functioning of anti-money laundering and counter-terrorist financing colleges in 2021

The European Banking Authority (EBA) has published its supervisory report on AML/CFT colleges **(EBA/REP/2022/18)**.

The joint guidelines (JC 2019 81) on cooperation and information exchange for the purpose of Directive (EU) 2015/849 between competent authorities supervising credit and financial institutions aimed to improve cooperation and information exchange between the various supervisors of firms that operate on a cross-border basis, including through AML/CFT colleges, which should be set up if competent authorities from three or more Member States are involved in the AML/CFT supervision of the same cross-border firm. The guidelines establish the cooperation framework, based on AML/CFT colleges that provide a permanent structure for cooperation and information sharing among the different entities supervising a firm that operates on a cross-border basis. AML/CFT colleges should be formed by a lead supervisor, permanent members and observers.

In 2021, a total of 120 newly established AML/CFT colleges met for the first time, bringing the total number of functioning AML/CFT colleges to 138. In addition, the EBA was notified of a further 89 AML/CFT colleges that were established in 2021 but were scheduled to meet only in 2022 or, in some cases, 2023.

The EBA is a permanent member of all AML/CFT colleges. The report provides **examples of good practices** observed by EBA staff when attending AML/CFT colleges, which the lead supervisors and other permanent members should consider adopting to ensure effective cooperation in their colleges, namely:

(i) Finalizing the structural elements of AML/CFT colleges, including the cooperation agreement and terms of participation of observers.

(ii) Enhancing discussions during the AML/CFT college meetings to ensure that the information exchanged is comprehensive and meaningful.

(iii) Where the financial institution is invited to attend a college meeting, it may be useful to narrow the scope of its presentation or contributions to focus on specific AML/CFT risks or measures it applies to mitigate these risks.

(iv) Fostering an ongoing exchange of information between members and observers within the colleges, which is not limited only to college meetings.

(v) Applying a risk-based approach to determining the frequency and nature of college meetings.

(vi) Taking steps to identify areas where a common approach or a a joint action at group level may be necessary.

(vii) Enhancing supervisory convergence in AML/CFT colleges by encouraging exchanges of supervisory experiences and approaches.

The report also sets out the **areas that may require greater attention** by supervisors in AML/CFT colleges:

(i) The shortcomings in applying due diligence measures, including controls relating to the identification of origin of funds, keeping information and documentation up to date, and remote onboarding of customers;

(ii) The ineffectiveness of transaction monitoring systems and controls, including the monitoring of cash transactions, transactions in virtual assets, instant monitoring of payments, adequacy of scenarios and the delays when investigating alerts;

(iii) The expansion of a financial institution's operations in third countries, which may have rules limiting the exchange of information within the group;

(iv) Weak AML/CFT governance arrangements put in place by the financial institution, including limited reporting to the board and weak oversight of a branch network by the head office entity;

(v) The restructuring of branch networks by some financial institutions and the impact that this may have on an overall level of AML/CFT compliance within the group;

(vi) The inconsistent application of the AML/CFT group-wide policy related to the risk classification of customers;

(vii) The failure by some financial institutions to exercise an adequate oversight of the outsourced AML/CFT activities, particularly over the shared service centers located in different jurisdictions.

3. Risk countries and territories

Update of FATF list of countries with strategic deficiencies in the prevention of money laundering and terrorist financing

On 21 October 2022, the FATF updated the list of countries with strategic deficiencies in the prevention of money laundering and terrorist financing.

On a regular basis, FATF assessment groups conduct reviews of jurisdictions' compliance with international standards in this area and the degree of political commitment of their authorities to address their deficiencies. Based on the results of these assessments, "High-Risk Jurisdictions" and "Jurisdictions under Increased Monitoring" are identified.

High-Risk Jurisdictions (*black list*):

- **Democratic People's Republic of Korea** (DPRK). The FATF reiterates the existence of significant deficiencies in its anti-money laundering and terrorist financing regime.

- **Iran.** The FATF indicates that as of February 2020 Iran had not complied with the requirements of the action plan, having failed to formally ratify the Palermo Convention and the UN Counter-Terrorism Financing Convention in line with international standards, and has therefore agreed to lift the suspension of countermeasures completely and to urge all jurisdictions to implement effective countermeasures in accordance with FATF Recommendation 19.

- **Myanmar (*call action*).** The FATF indicates that, given the continued lack of progress, with most of its action points remaining unaddressed after one year from the action plan deadline, further action is considered necessary by calling on jurisdictions to implement enhanced due diligence measures commensurate with Myanmar's risk. The FATF urges Myanmar to fully address its AML/CFT deficiencies by maintaining it on the list of countries subject to a call for action until it completes its action plan.

Jurisdictions under Increased Monitoring (***grey list***):

In October 2022, this list includes 23 countries with strategic deficiencies that are subject to an Action Plan and for which the FATF recommends taking into consideration the deficiencies and risks identified:

- Albania
- Barbados
- Burkina Faso
- Cambodia
- United Arab Emirates
- Philippines
- Gibraltar
- Cayman Islands
- Haiti
- Jamaica
- Jordan
- Mali
- Morocco
- Mozambique
- Panama
- Democratic Republic of Congo
- Senegal
- Syria
- South Sudan
- Tanzania
- Turkey
- Uganda
- Yemen

Pakistan and **Nicaragua** are removed from the list, having passed the action plan agreed with the FATF. New additions include the **Democratic Republic of Congo, Mozambique and Tanzania**.

Update of EU list of non-cooperative jurisdictions for tax purposes.

On October 4, 2022, the European Council added three new countries to the list of non-cooperative jurisdictions for tax purposes:Turks and Caicos Islands, The Bahamas and Anguilla. This is the first time Turks and Caicos Islands are included on the list; The Bahamas were listed in 2018 and Anguilla in 2020, but both managed to be removed. Panama remains on the list in this latest update.

The Council considers that these countries either have not engaged in a constructive dialog with the EU on tax governance or have failed to deliver on their commitments to implement the necessary reforms.

Accordingly, there are concerns that these three jurisdictions, which all have a zero or nominal-only rate of corporate income tax, are attracting profits without real economic activity (criterion 2.2 of the EU list).

With these new additions, there are now 12 countries on the EU list:

- American Samoa
- Anguilla
- The Bahamas
- Fiji
- Guam
- Palau

- Panama
- Samoa
- Trinidad and Tobago
- Turks and Caicos Islands
- US Virgin Islands
- Vanuatu

4. International sanctions

Latest updates on European Union sanctions against Russia

The European Union has approved provisions adopting six packages of international sanctions against Russia in response to its invasion and military attack on Ukraine, which it adds to those that have been in force since 2014 due to the illegal annexation of Crimea. These measures were adopted by the Council of the European Union as regulations and are binding throughout the European Union.

They are designed to:

- weaken the Kremlin's ability to finance the war;
- impose **economic and political costs** on Russia's political elite responsible for the invasion.

The EU has also adopted sanctions against **Belarus** in response to its involvement in the invasion of Ukraine.

In this article we provide an analysis and a timeline of the EU's sanctions on Russia following the invasion of Ukraine, with a brief mention of the measures adopted by the United States, the United Kingdom and Switzerland.

The most recent economic sanctions issued by the European Union in this context are as follows:

- On **October 6**, the European Union adopted its latest package of restrictive measures against Russia for the illegal annexation of the Ukrainian oblasts of Donetsk, Luhansk, Zaporivia and Jersón and the escalation of the war. These include:
  - a **price cap** related to the maritime transport to third countries of crude oil or petroleum products originating in or exported from Russia.
  - a list of restricted items that might contribute to the **Russian Federation's military and technological enhancement**.
  - additional restrictions on **trade and services with Russia.**
- On **September 14**, the EU prolonged its individual sanctions for another six months, until March 15, 2023, against those responsible for undermining or threatening the territorial integrity, sovereignty and independence of Ukraine.

  The existing restrictive measures provide for travel restrictions for natural persons, the freezing of assets, and a ban on making funds or other economic resources available to the listed individuals and entities.
- On **August 4**, the European Union imposed restrictive measures on two additional individuals who were added to the list of persons, entities and bodies subject to restrictive measures:

- VFY, the pro-Russian former president of Ukraine, for his role in undermining or threatening the territorial integrity, sovereignty and independence of Ukraine and the state's stability and security.

- OFY, the son of VFY, for conducting transactions with the separatist groups in the Donbas region of Ukraine.

The adopted sanctions are constantly changing and being updated as the armed conflict develops.

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