



Sanctions rules prohibiting the provision of certain services to Russian companies, including Russian subsidiaries



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General sanctions prohibition on the provision of consulting services and other services to Russian companies and the Russian government

It is prohibited to provide, directly or indirectly, certain consulting services and other services to the Russian government and legal persons, entities and bodies established in Russia. This follows from Article 5n of EU Regulation 833/2014 on sanctions against Russia.

The prohibited consulting services and other services include, among others, the following:

- Accounting and auditing services, including statutory audit, bookkeeping and tax consulting services
- Business and management consulting services
- Architectural services
- Engineering services

- Legal advisory services
- IT consulting services
- PR services
- Market research and opinion polling services
- Technical testing and analysis services
- Advertising services
- Software for business management and industrial design, as specified in Annex XXXIX of the Regulation.

Regulation 833/2014 does not contain a definition or detailed description of what the prohibited consulting services and other services comprise.

Some of the prohibited consulting services and other services are described in detail in the preambles to the Council Decisions which impose the prohibitions on the provision of the services. See [preamble 8](#) of Council Decision 2022/2478 and [preambles 12 and 13](#) of Council Decision 2022/1909.

In addition, the prohibited consulting services and other services are further described in the European Commission's document with questions and answers regarding the rules on sanctions against Russia (FAQ document) titled "Frequently asked questions on provision of services concerning sanctions adopted following Russia's military aggression against Ukraine". The FAQ document was last updated on 2 April 2024 and can be found here: [Frequently asked questions on provision of services concerning sanctions adopted following Russia's military aggression against Ukraine \(europa.eu\)](#).

It follows from the FAQ document, among other things, that the prohibited services must be interpreted in accordance with the definitions in Annex II of EU Regulation 184/2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment. Regulation 184/2005 can be found here: [eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005R0184](#).

Exceptions to prohibitions on the provision of consulting services and other services to Russian companies and the Russian government

There are certain exceptions to the prohibitions on providing consulting services and other services to Russian companies and the Russian government.

Among other things, the prohibitions do not apply to an EU parent company's provision of the covered services to its Russian subsidiary until 20 June 2024. This means that until 20 June 2024, an EU parent company will be exempt from the rules prohibiting the provision of consulting services and other services to its Russian subsidiaries.

However, from 20 June 2024, it is generally prohibited for an EU parent company to provide the covered consulting services and other services to its Russian subsidiaries. However, an EU parent company may apply for an authorisation to continue to provide the covered consulting services and other services to its Russian subsidiary after 20 June 2024. See the further comments on this below.

Furthermore, the prohibitions do not apply to the provision of consulting services and other services that are strictly necessary for the exercise of the rights of defence in legal proceedings and the right to an effective remedy or to ensure access to judicial, administrative or arbitration proceedings in an EU Member State.

The prohibitions also do not apply to the provision of consulting services and other services necessary for public health emergencies, the urgent prevention or mitigation of an event with a significant impact on human health and safety or the environment or in response to natural disasters.

In addition, national competent authorities may in certain cases authorise an EU parent company to provide prohibited consulting services and other services to its Russian subsidiary. The national competent authorities may grant such authorisation under such conditions as they deem appropriate. However, they may only grant an authorisation after having established that the provision of the services is necessary for the fulfilment of specific purposes. These are, for example, humanitarian purposes, promoting civil society activities in Russia, ensuring the functions of EU diplomatic and consular representations in Russia and ensuring critical energy supplies in the EU.

In certain cases, national competent authorities may also authorise the provision of the prohibited consulting services and other services intended exclusively for Russian subsidiaries of EU parent companies.

Provision of consulting services and other services by EU parent companies to their Russian subsidiaries after 20 June 2024

As mentioned above, the prohibitions on the provision of consulting services provided by an EU company to Russian companies, among other things, do not apply to the provision of the covered consulting services provided by an EU parent company to its Russian subsidiary until 20 June 2024.

This means that until 20 June 2024, an EU parent company will be exempt from the rules prohibiting the provision of consulting services and other services to its Russian subsidiaries.

However, from 20 June 2024, it is generally prohibited for an EU parent company to provide the covered consulting services and other services to its Russian subsidiary. However, an EU parent company may apply for an authorisation to continue to provide the covered consulting services and other services to its Russian subsidiary after 20 June 2024.

In Denmark, it is the Danish Business Authority which makes assessments and decisions in relation to applications for the granting of such authorisations.

The Danish Business Authority will assess and determine on a case-by-case basis whether it may grant an authorisation to a Danish parent company to provide consulting services and other services to its Russian subsidiary.

For example, the Danish Business Authority may grant an authorisation for a Danish parent company to provide various specific consulting services and other services to its Russian subsidiary for a specific period, for

example a month or a quarter of a year.

The Danish Business Authority may set terms for an authorisation which the Danish Business Authority deems appropriate. These may, among others, be terms providing which services the parent company may provide to the subsidiary, during which period the parent company may do so, and that the parent company after the expiry of the period must send a report to the Danish Business Authority on the parent company's provision of services to the subsidiary during the period.

Business and management consulting services

The consulting services and other services which EU parent companies are generally no longer allowed to provide to their Russian subsidiaries after 20 June 2024 include business and management consulting services.

This includes advice which EU parent companies usually provide to their Russian subsidiaries in relation to the parent companies' ownership and operation of the subsidiaries.

In the EU Commission's FAQ document, it states that "business and management consulting services and public relations services" include the following:

"advisory, guidance and operational assistance services provided to businesses for business policy and strategy and the overall planning, structuring and control of an organisation. Management fees, management auditing; market management, human resources, production management and project management consulting; and advisory, guidance and operational services related to improving the image of the clients and their relations with the general public and other institutions are all included."

It also follows from the definition in Annex II of Regulation 184/2005 that "business consulting services and public relations services" includes the following:

"Advice, guidance and assistance to companies on business policy and strategy and the overall planning, structuring and management of an organisation. Also includes management fees, performance auditing, advice on market management, human resources, production and project management, and advice, guidance and assistance in improving the image of clients and their relations with the public and other institutions."

These are broad and comprehensive definitions and descriptions. In our assessment, this may in practice mean that Danish and EU parent companies generally may no longer have control over or provide advice and guidance on the daily operations of their Russian subsidiaries.

This is prohibited unless the Danish and EU parent companies are granted authorisations to provide business and management consulting services to their Russian subsidiaries. This may also mean that the Danish and European companies are no longer allowed to share new designs or products with their Russian subsidiaries or talk to the local management about customer relations or day-to-day financial matters etc.

As of 20 June 2024, a Danish or EU parent company generally may only make strictly necessary decisions, activities and transactions as an owner of a Russian subsidiary. The parent company may exercise its rights,

perform its obligations and functions and safeguard its interests as the sole owner of and shareholder in the subsidiary.

However, the parent company may not be involved in the operation of the subsidiary. If a Danish or EU parent company needs to manage, decide, provide comments or guidance on or sort out or fix some matters regarding the operations of its Russian subsidiary or prepare the local management for certain matters, the parent company must do so now and before 20 June 2024.

An EU parent company may apply for and be granted an authorisation to provide certain services to its Russian subsidiary from and after 20 June 2024

The competent national authorities may authorise the continued provision of prohibited services by an EU parent company to its Russian subsidiary from and after 20 June 2024. The competent national authorities may do so under such conditions as they consider appropriate. However, they may only grant an authorisation after having determined that it is necessary for the exclusive use of the Russian subsidiary. This follows from Article 5n(10)(h) of EU Regulation 833/2014 on sanctions against Russia, as amended.

This means that if a Danish or EU parent company wants to continue providing prohibited services to its Russian subsidiary from or after 20 June 2024, then the EU parent company must apply for an authorisation to do so from the national competent authorities. In Denmark, the competent authority is the Danish Business Authority.

A Danish parent company that wants to continue to provide prohibited services to its Russian subsidiary must therefore apply for an authorisation from the Danish Business Authority. The Danish Business Authority will assess and determine whether the continued provision of the services is necessary for use exclusively for the Russian subsidiary. The Danish Business Authority will then decide to grant or not to grant an authorisation for this purpose, subject to any terms thereon which the Danish Business Authority deems appropriate.

Possibility of selling assets in Russian companies or selling Russian companies

National competent authorities may authorise the sale, supply or transfer of products and technologies listed in the Annexes to Regulation 833/2014 and Annex I to Regulation 2021/821 (Dual Use Regulation) until 30 June 2024.

Until 30 June 2024, the competent national authorities may also authorise the sale, licensing or transfer by any other means of intellectual property rights or trade secrets etc. relating to those products and technologies.

However, the competent national authorities may only grant such authorisation if such sale, supply or transfer etc. is strictly necessary for, among other matters, the performance of business activities in Russia. This follows from Article 12b(1) of EU Regulation 833/2014 on sanctions against Russia.

The granting of such authorisation is subject to all of the following conditions being met:

(1) The products and technologies must be owned by an EU national, an EU company or a Russian company owned or controlled by an EU company. The latter includes a Russian subsidiary of an EU parent company.

(2) The national competent authority deciding on the granting of authorisations shall not have reasonable grounds to believe that the products and technologies may be for a military end-user or have a military end-use in Russia.

(3) The items and technologies concerned must have been physically present in Russia before the sanctions rules prohibiting the export of those items and technologies entered into force.

In practice, the rules mean that from 30 June 2024, Danish and European companies will generally no longer be able to sell their Russian assets if the assets are subject to sanctions, or their Russian subsidiaries if they own sanctioned assets. In addition, Danish and European companies wanting to perform a sale must both have been granted an authorisation for the sale and have completed the actual sale and transfer by 30 June 2024.

Effects of sanctions rules in relation to Danish companies

Danish companies must comply with sanctions rules which apply to them and their activities and matters. A Danish company which fails to comply with a provision or a prohibition regarding a sanction under Danish law, including EU law, UN law or other international law applicable under Danish law, may be penalised under the relevant rules, including the rules in section 110 c of the Danish Criminal Code.

Danish companies should therefore continuously examine and assess whether they comply with the sanctions rules. As a result of the more and more comprehensive sanctions against Russia, Danish companies should, among other matters, ensure that their activities and transactions cannot be considered a circumvention of the sanctions rules.

We advise companies on the sanctions rules and their compliance with them in relation to their performance of activities and transactions and related matters.

Services	Shipping og transport, Energi og forsyning, Finansiering af aktiver (fly, skibe, vindmøller mv.), Struktureret finansiering og securitisering, Regulatoriske forhold i den finansielle sektor, International handel, investeringer, reguleringer og compliance, Virksomhedsoverdragelser (M&A)
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