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SANCTIONS AND SUBJECTIVE DUE DILIGENCE ON RUSSIAN COUNTERPARTS



The recent sanctions imposed by the European Union and the United States against Russia, Belarus, Donbass and Crimea affect a wide range of individuals, companies, legal entities and organizations of, or related to, the Russian Federation.

Since:

- the sanctions imposed by the European Union have been enacted by regulations which, by their nature, are mandatory in all their parts and directly applicable in the domestic laws of all Member States;
- the sanctions imposed by the USA are not only primary, i.e., applicable to U.S. persons, but also secondary, i.e., applicable to any person or legal entity of other countries that maintains commercial or financial relationships with sanctioned subjects - the so-called SDN - Specially Designated Nationals - in violation of U.S. provisions;

the first decisive protective action, which companies must adopt, consists in **carrying out a subjective analysis of all their contractual and economic counterparts in the Russian area (customers, suppliers, lenders, banking intermediaries)**, in order to verify whether there are individuals listed in the designation lists of EU-US sanctions; which would compromise the

fulfillment of the contract or the execution of the payment.

During the identification of listed legal entities, it is necessary not only to check whether the name of the company or legal entity or organization is mentioned on the list, but also to extend the checks to the entire chain of ownership and to the ownership structure of the company/legal entity/organization, in order to exclude ownership or participation by one or more listed parties (natural or legal persons).

Moreover, for companies that have established important business relationships of any kind (import, export, corporate, financial) with counterparts in Russia, Belarus, Crimea and Ukraine, it is important to plan adequate Emergency Plans, which include plans for disinvestment and reorganization of monetary flows, as well as review their business strategies by orienting themselves towards non-sanctioning countries.

Bacciardi Partners is able to provide consultancy and assistance in the carrying out of all subjective verifications, as well as in the restructuring of business relationships and in the elaboration of strategic commercial plans to face the current emergency situation.