

Financing and refinancing restrictions (Article 5)

FREQUENTLY ASKED QUESTIONS – AS OF 20 APRIL 2022

1. Can a bond issued by a listed entity and in possession of a non-listed entity be sold to another non-listed entity?

Assuming that the word “listed” refers here to the entities targeted by refinancing prohibitions and not to entities subject to an asset freeze, Article 5 of [Council Regulation \(EU\) No 833/2014](#) clearly sets out which prohibition applies to which type of targeted entity. If the transferable securities or money market instruments were issued by a targeted entity between 1 August 2014 to 12 September 2014 with a maturity exceeding 90 days, or after 12 September 2014 with a maturity exceeding 30 days, or after 12 April 2022 irrespective of the maturity, EU persons are prohibited from directly or indirectly purchasing, selling, providing investment services for or assistance in the issuance of, or otherwise dealing with them.

2. Might payment terms for goods and services whose trade is not prohibited under [Council Regulation \(EU\) No 833/2014](#) be considered as new loans or credit for the purpose of Article 5 of said Regulation?

No, payment terms or delayed payment for goods or services are not in general considered as loans or credit for the purpose of Article 5 of [Council Regulation \(EU\) No 833/2014](#). However, the provision of payment terms/delayed payment may not be used to circumvent the prohibition to provide new loans or credit under Article 5. Payment terms which are not in line with normal business practice or which have been substantially extended may constitute circumvention.

3. Are branches or Russian entities subject to (re)financing restrictions under Articles 5(1) to 5(4) of [Council Regulation \(EU\) No 833/2014](#) subject to these restrictions themselves when they are located in the EU?

The branch of a Russian entity is subject to the (re)financing restrictions under Articles 5(1) to 5(4) if it acts at the direction or on behalf of its parent company, which is itself targeted by these Articles.

4. How should one interpret the scope of the expression “a legal person, entity or body acting on behalf or at the direction of...” in the context of their connection with entities subject to sanctions under Article 5 of [Council Regulation \(EU\) No 833/2014](#)? Should this term be interpreted only in the context of a share in the shareholding of listed companies belonging to the entities subject to sanctions and if so, in which scope (direct or indirect) and on what level (more than 50% or less)? Should other circumstances be taken into account?

The entities listed under Article 5 of [Council Regulation \(EU\) No 833/2014](#) can be found in the corresponding Annexes. On the determination of whether an entity is acting on behalf of or at the direction of one of these entities, we recommend consulting the [Commission opinion of 17 October 2019](#) on this matter.