

Russia Sanctions – Compliance Guide

FAQ FOR NGOS



BULGARIA

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Since the Russian invasion of Ukraine, countries and regional organisations around the world have imposed sanctions on Russia and Belarus, as a means of putting pressure on Russia's government to end the invasion. These sanctions take different forms and have different targets (sectors/individuals/companies etc.).

While the objective of these sanctions is not to affect organisations such as NGOs who operate in or have links with Russia, inevitably these sanctions might have a direct or indirect impact on them.

The following questionnaire has been created to collect legal research, that will in turn help NGOs understand how sanctions regimes might impact them and to understand how some of these risks could be managed.

Jurisdiction	Bulgaria
Date Last Updated	26 May 2022

Public regulatory/executive body responsible for Sanctions

Bulgaria directly applies the sanctions issued at the European Union (EU) level. As of this moment, Bulgarian authorities have not issued national specific sanctions against Russia, which differ from those adopted at the EU level. The responsible bodies for national compliance and monitoring are: the Ministry of Economy, the State Agency for National Security, the Ministry of Foreign Affairs, the Ministry of Finance, and the Ministry of Transport, IT and Communications. More information is available here (in Bulgarian).

Consolidated List

The competent Bulgarian authorities have not issued a specific list of individuals and organizations subject to sanctions. Bulgaria directly applies the sanctions to the list of specifically targeted persons under Council Regulation (EU) No 269/2014 of 17 March 2014 and Council Regulation (EU) No 833/2014 of 31 July 2014, available here.

Relevant Guidance

he competent Bulgarian authorities have not issued any guidance on the sanctions against Russia. The European Commission has published such guidance in the form of answers to frequently asked questions, available here.

Key Points to note

Do the Russia Sanctions apply to you?

Is there any reason to think that you have any connection to Russia or Russians?

NGOs are not specifically targeted by sanctions against Russia. However, NGOs will be within scope of sanctions applicable in Bulgaria in case of, among other things, import and export of certain goods from or to Russia (such as goods from the energy, aviation, space, maritime, luxury industries, as well as dual-use goods, machinery and transportation equipment and technologies), transactions with certain Russian state-owned entities and individuals in scope of the sanctions, dealing with transferable securities and money-market instruments issued by certain Russian entities, making financings available to certain Russian entities, selling transferable securities and banknotes to Russian entities or individuals, and accepting deposits from Russian entities or individuals.

With which sanctions regimes may you and/or your employees need to comply as a matter of law?

Bulgaria has not implemented specific sanctions against Russia or guidance in this respect. The sanctions applicable are at the EU level and include, among others:

- prohibition on transactions with certain Russian banks;
- prohibition on public financing or investment in Russia;
- prohibition on import of coal from Russia;
- prohibition on new investments in the Russian energy sector;
- closure of EU airspace and ports to Russian-owned aircrafts or vessels;
- prohibition on imports from Russia to the EU of iron, steel, wood, and cement;
- suspension of broadcasting of certain Russian media; and
- asset freezes and travel bans to certain individuals from Russia and Belarus.

The EU level sanctions regime applies to all NGOs established in Bulgaria and they must comply with the above restrictions. Circumventions of the restrictions is prohibited.

However, funds and economic resources may be provided to Russian persons who are subject to sanctions if such funds and economic resources are made available by the NGO exclusively for humanitarian purposes in Ukraine.

Have you agreed to comply with sanctions with which you would not be required to comply as a matter of law by contractual agreements (e.g. with lenders, in donor agreements)?

EU regulations on sanctions are applicable to NGOs established in Bulgaria. Such regulations on sanctions will also apply to any business conducted within the EU by NGOs established outside of the EU.

An NGO being bound by the regulations on sanctions adopted by a country outside of the EU will depend on the sanctions regime of that country and the applicable law to the relevant contract.

For contracts governed by Bulgarian law, the freedom of contract principle shall apply and the parties will be bound to comply with the undertaken obligations. Therefore, we recommend a careful review of contracts to be carried out before conclusion.

Connections with Russian Individuals and Businesses

Are you engaging with any person specifically targeted by any of these sanctions?

The list of persons who are specifically targeted is adopted under Council Regulation (EU) No 269/2014 of 17 March 2014 and Council Regulation (EU) No 833/2014 of 31 July 2014, available [here](#).

As of this moment, Bulgaria has adopted criminal liability for non-compliance with the EU-level sanctions, but only with respect to non-compliance with sanctions related to trade with arms and dual-use goods. Violation of this prohibition may lead to imprisonment up to 6 years and a fine of up to BGN 200 000.

Are you engaging with any entity owned or controlled by any of these sanctions?

The European Commission notes that only the persons and entities listed in the regulations are directly targeted by the sanctions. Therefore, only engaging in prohibited activities with those entities will be in scope of the sanctions. The list of targeted entities is available [here](#).

However, non-listed entities which are owned or controlled by a listed entity may also be considered to be within scope of the regulations, for example, where any funds or economic resources made available to such non-listed entities may reach or benefit the listed person.

This presumption can be rebutted on a case-by-case basis by a non-listed entity, if it can demonstrate that the funds or economic resources made available to it would in fact not reach or benefit the listed person.

Are you importing or exporting any goods that may be subject to import/export restrictions?

The following prohibitions on import are in force at the EU level:

- import of coal; and
- import of iron, steel, wood, cement, seafood, and liquor.

The following prohibitions on export are in force at the EU level:

- export of goods and technologies in the oil refining sector;
- export of goods and technologies in the aviation, maritime, and space industry;
- export of arms and dual-use goods; and
- export of luxury goods.

Do you have any involvement with activities in the Donetsk, Luhansk and Crimea regions, which are subject to specific regimes?

The following restrictions on Donetsk and Luhansk are in force at the EU level:

- import ban on certain goods;
- restrictions on trade and investments related to certain economic sectors;
- ban on supplying tourism services; and
- export ban on certain goods and technologies.

As of this moment, the competent Bulgarian authorities have not adopted provisions regulating the liability for violation of these measures.

Payments and Investments

Do you have a charitable trust or foundation that might involve dealing with equity/debt instruments issued by, or making loans available to Russian state owned companies, persons connected with Russia, or the Government of Russia?

NGOs are prohibited to directly or indirectly purchase, sell, provide investment services for or assistance in the issuance of, or otherwise deal with certain transferable securities (such as shares and bonds, equivalent securities, as well as derivatives) and money-market instruments (such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment) issued by such entities.

The European Commission has clarified that the sanctions do not impose any impediments to receive income payments, dividend payments or principal repayments of existing securities from Russian issuers.

Are you affected by restrictions on processing funds (e.g. making payments where Russian banks have been removed from SWIFT)?

NGOs would be prohibited from making funds or economic resources available, directly or indirectly, to persons listed in Council Regulation (EU) No 269/2014 of 17 March 2014.

In principle, a payment (such as a salary payment) would fall in the category of “making funds or economic resources available”. However, the Council Regulation (EU) No 269/2014 foresees an exception where, subject to prior authorization, a person may provide such funds if they are necessary for fulfilling obligations from a prior contract. Therefore, a listed person in employment of the NGO may remain in his or her employment. However, his or her salary would need to be paid on a frozen account.

Frozen assets can also be released on the basis of an authorization granted in line with the Council Regulation (EU) No 269/2014, if the following conditions are fulfilled:

- the payment is owed under a prior contract;
- the funds are used for a payment; and
- the payment is not directed towards a listed person.

Are you affected by restrictions on access by Russian individuals to local bank accounts?

Some employees may have difficulties accessing funds in local Russian bank accounts if subjected to the sanctions. In addition, if a Russian bank, which is the subject of sanctions, transfers funds to an NGOs' account in an EU bank, then the EU bank may hold the funds and not release them to the NGO.

Are there any sanctions that apply to using or trading cryptoassets?

NGOs are prohibited from providing cryptoasset wallet, account or custody services to Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia, if the total value of cryptoassets of the natural or legal person, entity or body per wallet, account or custody provider exceeds EUR 10,000.

The competent authorities may authorize the acceptance of such services if they are necessary for humanitarian purposes or for civil society activities that directly promote democracy, human rights or the rule of law in Russia.

The prohibitions related to transferable assets outlined above also apply to transferable assets in the form of crypto-assets.

Exemptions and Other Points to Note

To the extent there are restrictions which apply, can you apply to relevant authorities for licences, e.g. “in connection with the performance of any humanitarian assistance activity”?

Not applicable.

Other points to consider

Please note that there are also EU-level sanctions applicable to certain Belarusian individuals or entities, including individual sanctions, restrictions on trade, SWIFT ban with respect to certain banks. More information is available.