

UK Announces a Further Wave of Sanctions, Targeting Russia's Two Largest Energy Companies and "Shadow Fleet"

UK – October 2025

On 15 October 2025, the UK's Secretary of State for Foreign, Commonwealth and Development Affairs announced an update to the UK sanctions list under the Russia (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/855) (Russia Sanctions Regime).

The new listings include 39 designations and 51 specifications, covering individuals and entities involved in supporting the energy, defence and financial services sectors of the Russian Federation (Russia), as well as ships involved in the transportation of Russia's oil or liquefied natural gas (LNG). In parallel, the UK's Office of Financial Sanctions Implementation (OFSI) also published its Annual Review 2024-25 on the same day, which indicates that the UK has frozen £28.7 billion assets under the Russia Sanctions Regime since February 2022.

Of note, the recent UK sanctions were followed by the new US and EU sanctions, including an EU ban on Russian LNG imports and further targeted measures against Russia's energy sector, which sit within a wider context that makes these steps bite more deeply. Across the EU, the UK, the US and the G7 partners, the tone has hardened on the question of frozen Russian assets; proposals have advanced beyond harvesting windfall profits toward arrangements that would mobilise frozen sovereign reserves as security for long-term financing to Ukraine, with open discussion of confiscation should narrower measures prove insufficient. Signals of this kind raise expectations of a loan structure backed by the frozen assets, increase the perceived probability of compelled use if Russia persists in non-compliance and sharpen the legal and commercial calculus for market participants that hold, clear or service such reserves, with the result that risk premia rise and the operating environment tightens for any trade connected to Russian state interests.

Background

The Russia Sanctions Regime, which came into force on 31 December 2020, is one of over 35 sanctions regimes currently in place in the UK (of which the majority are country-specific and the rest are thematic) pursuant to the Sanctions and Anti-Money Laundering Act 2018 (SAMLA).

It imposes financial, trade, transport and immigration sanctions "for the purpose of encouraging Russia to cease actions destabilising Ukraine or undermining or threatening the territorial integrity, sovereignty or independence of Ukraine" [and] "replac[ing] the EU sanctions regimes in relation to Russia". Since 2020, and particularly after Russia's full-scale invasion of Ukraine in February 2022, the UK has made multiple substantive amendments to the Russia Sanctions Regime. In addition, pursuant to the SAMLA, the Russia (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2023 came into force on 20 June 2023, aiming at "promoting the payment of compensation by Russia for damage, loss or injury suffered by Ukraine on or after 24th February 2022 as a result of Russia's invasion of Ukraine".

Targeting Russian Energy

The date of the latest UK sanctions is symbolic as the Russian government kicked off the "Russian Energy Week 2025" on this day. British officials also emphasised that "[t]ogether, the UK and our allies are piling the pressure on Putin – going after his oil, gas and shadow fleet"; [w]e are sending a clear signal: Russian oil is off the market".

In this regard, the UK sanctioned Russia's two biggest oil giants – PJSC Rosneft Oil Company (Rosneft) and PJSC Oil Company Lukoil (Lukoil). Previously, the UK had sanctioned Russia's third and fourth biggest oil companies – PJSC Gazprom Neft (Gazprom) and PJSC Surgutneftegas (Surgutneftegas), respectively on 10 January 2025.

The UK also banned the import of oil products refined in a third country using Russian-origin crude oil.

Targeting Russian Shadow Fleet

Importantly, the fresh UK sanctions specify 51 ships, 44 of which are part of the "shadow fleet", that is allegedly involved in exporting Russian oil by evading crude oil price sanctions imposed by the G7 Price Cap Coalition countries on 5 December 2022. OFSI enacted the General Licence – Oil Price Cap INT/2024/442/3849 (OPC Exception) on 19 February 2024, which "allows the supply or delivery of Russian oil and oil products by ship, as well as provision of associated services – so long as the price paid for Russian oil or oil products is at or below the relevant price cap".

However, the OPC Exception does not apply to “services for the benefit of designated persons, or to services in relation to specified ships, nor to the supply or delivery of Russian oil or oil products in specified ships or to a designated person; [on the other hand,] specific exceptions and licensing powers are contained in the regulations and can allow otherwise prohibited transactions and prohibited activity, including where they involve designated persons or specified ships, to take place in some circumstances.” To date, there are more than 540 ships designated under the Russia Sanctions Regime.

Regulation 57F of the Russia Sanctions Regime deals with the targeting of ships. It specifies the activities that the UK’s Secretary of State has the power to specify a ship, which include a prohibition from carrying oil or oil products that originated from Russia to a third country (which is the reason provided for the UK specification and sanctions). A ship specification may be revoked by the Minister at any time and must be revoked if the Minister considers that the required conditions are not met. Any person affected by it has a right to request the Minister to revoke the specification of a ship. If that application is not granted, it is possible to seek a court review of the decision in relation to the request in the High Court. The review process adopts judicial review principles.

With colleagues around the globe, we are ideally positioned to prepare our clients to respond to sanctions and help protect them as they evolve. Our team and resources allow us to handle highly complex, sensitive and operationally critical sanctions, as well as delisting matters with unparalleled efficiency and effectiveness. Our team includes subject matter experts and a policy team that can provide our clients with up-to-the-minute guidance on relevant political developments. We regularly help clients implement robust sanctions policies and procedures, including responding rapidly to evolving compliance risks. We also have deep experience dealing with the key UK, US and EU regulators, and can help our clients pursue various strategies for navigating the rapidly changing legal framework.

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