



Observatoire ARGA

INTERNATIONAL ANALYTICAL REPORT

**D-11. Ownership and Control
in Sanctions Regimes**

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Executive summary

Ownership and control determine how far financial sanctions extend beyond the persons expressly named on a sanctions list. A company may remain unlisted while its funds are frozen because of its relationship with a designated person. The same corporate structure does not necessarily produce the same legal result in the United States, the European Union and the United Kingdom. Ownership thresholds, aggregation, management powers and the particular sanctions programme all matter.

This report addresses targeted asset freezes and associated prohibitions on making funds available. Its purpose is to turn a broad allegation of a connection with a sanctioned owner into an assessment that can be tested: who exercises influence, through which rights, over which company and assets, and at what time. Sectoral, trade and services restrictions require separate assessment. A favourable ownership analysis does not remove them.

Observatoire ARGA's practical approach separates five questions: identity, the applicable regime, corporate rights, actual management and the permissibility of the proposed transaction. Evidence should support each step between these levels. A registry extract can establish registered ownership, but does not by itself explain banking mandates, voting arrangements, financing or the ability to reverse management decisions.

The report examines three judgments - Mints, Litasco and EM System - alongside the administrative example of the 2019 removal of En+, Rusal and EuroSibEnergo from the US sanctions list. Each is considered within its legal and historical context. The analysis supports a proposed evidence file, a method for responding to a bank and a framework for testing whether corporate changes are substantive. The hypothetical situations concern lawful sanctions compliance and do not describe ARGA client matters.

1. Scope and boundaries

1.1. What an assessment establishes

An ownership and control opinion needs a defined subject. Saying that a company is "not sanctioned" is too broad if the examination covered only its shareholders. A more accurate conclusion identifies the legal entity, regime, assessment date, documents and legal consequence: for example, whether a connection with its owner extends an asset freeze to the company's assets. The proposed payment, supply or service must then be considered separately.

Ownership of shares must also be distinguished from ownership of corporate assets. A shareholder owns an interest in a legal person, rather than automatically owning every item of its property. A sanctions regime may attach freezing consequences to that corporate relationship, but the assessment should explain the relevant legal basis. Replacing that explanation with an assertion that "everything belongs to the beneficial owner" obscures the issue and weakens any subsequent challenge.

The report draws on official OFAC explanations, EU materials, UK legislation and OFSI guidance. Judicial decisions are examined in the context of the disputes decided. Recommendations concerning evidence files, inconsistent information and review procedures are ARGA's analytical proposals; they are not additional regulatory requirements.

1.2. Jurisdiction and time

Before calculating ownership, the analyst must establish why a particular sanctions system applies. In a cross-border payment, the persons, banks and other elements involved may be relevant. A conclusion under one regime should not be presented as universal clearance for the entire payment chain. Where a bank invokes foreign sanctions, the file should distinguish their legal applicability from the bank's own commercial policy.

Every assessment is also time-specific. The structure at contract formation may differ from the structure at payment. Registration of a share transfer, effectiveness of an agreement and the actual handover of management powers may occur on different dates. A dated chronology therefore has independent evidential value: it connects the relevant event, the rule then in force and the information available to the bank.

2. Three approaches to extending restrictions

A comparison should begin with the differences between the legal tests. OFAC's 50 Percent Rule concerns ownership. The UK framework includes a separate, broad control test. In the EU, statutory definitions, judicial interpretation and the ability to rebut relevant presumptions must be considered together. The principal EU framework examined here is Regulation No 269/2014, including the definitions inserted by Regulation 2025/2037. [1, 6, 10]

System	Principal reference point	Separate assessment
United States: OFAC rule	Aggregate direct or indirect ownership of 50% or more by blocked persons	A blocked person's involvement in the transaction and other prohibitions
EU: Regulation No 269/2014	50% or more of proprietary rights or a majority interest; distinct control criteria	Control of assets, rebuttal of presumptions and the particular provision of funds
UK: Russia Regulations	More than 50% of shares or votes; appointment of a board majority; separate control test	Joint rights, arrangements and the ability to determine corporate affairs

The table is a starting point. It does not imply that every sanctions programme within a jurisdiction operates identically. An assessment of targeted blocking cannot simply be transferred to restrictions on financing, services or trade. A working opinion should identify the particular prohibition next to its conclusion, reducing the risk that a limited finding is treated as general approval.

A common methodological error is to calculate a single "international" ownership percentage and apply it across all regimes. A more reliable method uses one factual corporate map and several legal assessments. This preserves a shared evidence base while retaining the differences in thresholds, aggregation and the significance of control.

3. United States: ownership, aggregation and participation

OFAC explains that control without aggregate ownership of 50% does not automatically block an entity under the 50 Percent Rule itself. Separate designation and other restrictions remain possible. A blocked person's participation in negotiations or execution of a contract for a non-blocked company must also be examined: the company's status does not authorise prohibited dealings with its representative. [1, 3]

OFAC aggregates the holdings of multiple blocked persons, including persons blocked under different US sanctions programmes. Screening only the largest shareholder is therefore insufficient. [2] Each owner should have a separate entry recording identifiers, the basis of blocking, the type of interest and the relevant date. This helps prevent identity errors, double counting and aggregation of persons subject to a different type of restriction.

The practical file must explain which rights underlie the calculation. An unexplained entry stating "30% interest" requires clarification: does it refer to issued shares, voting rights, an economic interest or a data provider's estimate? A percentage in a commercial database is a useful indicator, but the conclusion should rest on a documented corporate structure and the applicable legal test.

The person actually conducting the transaction requires separate attention. Screening management does not settle the issue where a different representative signs the documents. The transaction file should include the authority to act, the signatory's identity, the scope of the mandate and the signing date. This examination belongs before execution: updating a counterparty record after payment does not change who participated in the completed act.

4. Indirect ownership: why multiplication is insufficient

OFAC FAQ 401 explains how blocking can extend through intermediate entities that themselves satisfy the threshold. Multiplying economic ownership percentages is therefore not a substitute for examining each level. OFAC's example involving successive 50% holdings results in the lower-tier company being blocked, although ordinary multiplication produces 25%. [4]

ARGA proposes a register of corporate relationships for practical review. Each relationship records the owner, entity, holding, type of rights, source and date. The status of each intermediate person is then established under the applicable regime before the next level is assessed. This allows another reviewer to understand the conclusion without reconstructing the entire group.

A holding appearing both in the direct shareholder register and in an ultimate beneficial ownership declaration must not be counted twice. The analyst should distinguish two descriptions of the same chain from two independent ownership paths. In a complex group, a useful reverse check is to identify the original holding and every intermediate link supporting each percentage included in the final calculation.

Incomplete information should not be forced into a definitive result. Suppose two shareholders are identified but information about a third participant's rights is missing. The file should record the established portion of the structure and the specific gap. The follow-up request can then identify the document, period and share class needed to resolve it. This is more effective than an undifferentiated demand for "everything on the beneficial owners".

5. European Union: definitions and presumptions

Regulation 2025/2037 inserted definitions of ownership and control into Article 1 of Regulation No 269/2014. Ownership encompasses 50% or more of proprietary rights or a majority interest. Control also engages governance powers and dominant influence. Describing the European approach solely as non-binding guidance is therefore incomplete. [6]

The regulation, Council recommendations and Commission explanations nevertheless remain distinct sources. The Council's 2024 Best Practices address aggregate holdings of listed persons, an approach retained in the Commission's FAQs. A finding of group control must also have a defined scope: a conclusion about one entity cannot automatically be extended to every company using the same brand. [7, 8]

For a corporate group, each conclusion therefore needs explicit boundaries. A document establishing the power to appoint management at one subsidiary does not, without more, establish equivalent powers over a sister company. The corporate map should show a specific path of rights or influence, rather than simply group membership. Shared directors, financing and agreements may require further examination, but each fact needs its own assessment.

The Commission's Opinion of 19 June 2020 considers the possibility of showing that particular assets are not actually controlled by a listed person, within the relevant national procedure and the circumstances of the case. [9] ARGAs practical conclusion is that the requested outcome must be precise: reassessment of the company as a whole, release of a particular account or authorisation of a specified transaction. These requests require different evidence.

6. United Kingdom: more than 50% and a separate control test

Regulation 7 of the Russia Regulations 2019 provides alternative grounds: more than 50% of shares or voting rights; the right to appoint or remove a majority of directors; or a reasonable expectation that a person could secure the conduct of corporate affairs according to that person's wishes in most cases or in significant respects. The final test extends beyond registered share ownership. [10]

OFSI does not simply aggregate different designated persons' holdings in every case. Joint arrangements and one person's control over another's rights are among the relevant considerations. The absence of automatic aggregation does not dispense with a separate control assessment. [11] A structure requiring one calculation in the United States may therefore require a different explanation in the United Kingdom.

Practical review should pay particular attention to rights absent from a standard registry extract. A shareholders' agreement may require approval of budgets, appointments or significant payments. Yet a minority investor's protective right should not automatically be equated with an ability to direct the company. Its scope, the decisions covered, conditions of exercise and interaction with other mechanisms must be examined.

A weak opinion lists rights and immediately announces a conclusion. A stronger opinion explains how they operate: who initiates a decision, who can prevent it, whether an objection can be overcome and whether an independent deadlock procedure exists. Relevant evidence includes both

the agreement and records of actual decisions, including instances in which the alleged controller's preferred outcome was rejected.

7. Mints: the judgment and its limits

In *Mints v PJSC National Bank Trust* [2023] EWCA Civ 1132, the Court of Appeal rejected an attempt to stay proceedings because of sanctions. Its discussion of control by public officials was unnecessary to decide the principal issues, as paragraph 225 expressly records. Broad observations about control should not be converted into individual judicial findings concerning every Russian company. [12]

The Supreme Court's official record for UKSC/2023/0146 states "Withdrawn". It is therefore inaccurate to present that appeal as still awaiting determination, or to describe the Court of Appeal's interpretation as having been endorsed by a Supreme Court judgment in the appeal. [13]

For ARGA, the practical lesson is disciplined use of precedent. A party relying on a judgment should establish why the legally significant facts are comparable. If a bank invokes only a general proposition about political influence, the response should focus on the particular company, its management and the disposition of funds, rather than an abstract debate about the state's economy.

The ability to pursue proceedings must also be separated from the ability to execute a payment. Even where sanctions do not prevent adjudication, settlement of a judgment may require separate assessment. A claims file should therefore maintain distinct analyses of the underlying entitlement and the permissible method of performance. Otherwise, procedural success may be incorrectly treated as permission to move frozen funds.

8. Litasco: evidence rather than speculation

In *Litasco SA v Der Mond Oil and Gas Africa SA* [2023] EWHC 2866 (Comm), the court found no evidential basis for the alleged control by designated persons. Paragraphs 63-71 address the particular shareholding, management changes and political-control argument. The decision concerns the evidence in that dispute; it does not certify the companies' present sanctions status. [14]

ARGA's analysis emphasises the distinction between a fact and an assumption about it. An assertion that a former owner "must still be running the business" should be divided into testable propositions. Does that person retain signing powers, receive mandatory approval requests, possess the ability to replace directors or receive funds? What source supports each proposition?

The response should not stop at the opposite assertion that the owner "certainly does not interfere". A sequence of decisions is more useful in demonstrating independent management. Evidence might include approval of a budget by the competent body, banking mandates held by current management and records showing implementation without external approval. The sample should cover significant matters rather than only routine minor expenditure.

Adverse material also belongs in the assessment. If correspondence contains instructions from a former executive, the file should explain their date, legal status, subject and consequences. Selecting only favourable documents may undermine confidence in the entire evidence base. The task is to

assess the full management picture, including circumstances that require additional measures or prevent a positive conclusion.

9. Public officials and potential control

OFSI and FCDO guidance rejects an automatic presumption that a designated public official controls a private company merely because it is based in the relevant jurisdiction. Specific evidence can nevertheless justify a different conclusion. [15] Political context should therefore be distinguished from the assessment of the particular entity.

In 2026, the UK government conducted a call for evidence on the ownership and control test, including the hypothetical ability to exercise control. The document notes that non-exercise of a power does not necessarily establish the absence of that power. The exercise was evidence gathering, rather than a proposal containing completed legislative reforms. [16]

An assessment should therefore cover both powers that have been exercised and existing powers that remain unused. A useful question concerns the identifiable mechanism: what would have to happen for the alleged controller to determine a corporate decision? If an existing contractual power would suffice, its scope must be examined. If the allegation depends on a future state intervention, the analysis should identify the facts connecting that possibility to the particular company.

Uncertainty should not be resolved through either universal exoneration or universal attribution. In a difficult case, the opinion should identify the disputed element, address the strongest contrary argument and explain which further information could change the result. This makes the assessment useful to a bank or court: its limits become visible and further enquiries can be targeted.

10. EM System: freezing an unlisted company's funds

In EM System, C-84/24, decided on 12 March 2026, the Court of Justice interpreted the Belarus sanctions Regulation No 765/2006. A listed person's 50% shareholding gives rise to a presumption that the company's funds are controlled by that person and must be frozen. The company must also have access to national procedures to challenge the measure and obtain its lifting if it establishes the absence of such control. The presumption is rebuttable. [17]

The practical question is what the company needs to challenge. If it is not on the EU list, a request to "remove us from the European sanctions list" may not address the measure actually applied. The first step is to identify the decision-maker, the instrument recording the decision and the grounds still operating. A bank's freeze, an administrative decision and a separate listing require different procedural responses.

ARGA proposes that an initial application identify the frozen asset and decision, seek the legal and factual grounds, provide targeted evidence and state the precise relief requested. Where several independent grounds exist, removal of one should not be assumed to eliminate the others. A separate record of operative instruments, responsible bodies and review outcomes is useful.

The argument should address the ability to dispose of the funds. General commercial independence, employment and tax payments do not themselves answer the control question. A more persuasive file combines governance powers, decision-making records, account access and evidence of actual

management. The evidence package does not replace the required national procedure or authorise the unilateral resumption of prohibited transactions.

11. The evidence file: from diagram to documents

11.1. The corporate map

A group chart should allow each significant assertion to be traced to a source. Legal entities should be identified by full name, registration number and jurisdiction. For individuals, sufficient identifiers should be checked to exclude a false match. Shareholdings, voting rights and governance powers should appear separately. A chart containing only a beneficial owner's name and a single percentage usually leaves the most contentious issues unanswered.

The chart should be supported by a document register covering shareholder records, constitutional documents, agreements, extracts, mandates and appointment decisions. Each item should record its creation date, effective period and source. Information supplied by the company should be identified as such. Where an independent registry or professional custodian confirms it, the limits of that confirmation should be stated. Certification that a copy matches an original does not automatically establish the truth of every assertion in the document.

A discrepancy table is particularly valuable. A commercial database may identify the former owner while a current register identifies a successor. Both entries, their update dates and the document explaining the transition should appear. An unresolved inconsistency should not simply be removed from the file: the bank may use the same external source and view the omission as evidence of incomplete disclosure.

11.2. A matrix of actual management

Question	Supporting material	Evidential limit
Who appoints management?	Constitution, agreements, appointment decisions	Informal arrangements may need separate examination
Who approves the budget?	Delegation rules, minutes, approved budget	One minute does not establish continuing practice
Who operates the account?	Banking mandates, access rights, signing procedure	Formal access does not reveal external instructions
Who finances operations?	Loan agreements, security, financing conditions	A creditor relationship alone does not establish control
Who receives economic benefits?	Distribution rules, payments, intragroup contracts	No dividends does not mean no other benefit channels

This matrix is ARGAs proposed analytical tool, not a replacement for the legal test. It distinguishes evidence addressing the disputed element from material creating only a favourable general impression. Numerous contracts with independent customers, for example, do little to answer a dispute about one person's right to remove most directors.

11.3. Complete and proportionate disclosure

The recipient should be able to test the conclusion, but this need not entail unrestricted disclosure of the entire corporate archive. The scope of the request, confidentiality protections and appropriate access arrangements should be established. Non-public personal information, commercial terms and legally privileged material require separate consideration. An extract is appropriate only if the omitted passages do not distort the meaning of the provision supplied.

Translations also matter. Owner, beneficial owner, controller and authorised signatory are not interchangeable concepts. When translating a corporate document, retaining the original term for a power alongside a functional explanation can be useful. This reduces the risk that a contractual consent right is inaccurately described as general management control, or that a substantial power disappears behind a neutral label.

12. Analysing a bank restriction

12.1. Establishing the basis

The initial enquiry should distinguish a statutory asset freeze from temporary review, rejection of a particular transaction and termination of the banking relationship. It should seek the applicable regime, affected accounts or transactions, alleged designated person and nature of the connection. The bank's response may be subject to legal disclosure restrictions, but the request still needs to define the issue precisely.

A communication chronology should record when the restriction arose, which documents have already been supplied, the bank's questions and responses awaiting consideration. Resubmitting a large archive without explaining what has changed rarely assists a focused review. A concise principal submission, an argument table and clearly connected annexes are more effective.

12.2. Structuring the response

The response should follow the logic of the alleged ground for restriction. If ownership is disputed, the calculation and supporting chain of documents come first. If control is alleged, governance rights and actual practice should be addressed. If the issue concerns the recipient or signatory, the transaction itself must be analysed. A general account of the company's reputation can be supplementary but cannot replace this evidence.

The final section should specify the requested outcome: correction of an identity match, reassessment of the company's status, release of a particular asset or consideration of a payment following authorisation. Contractual deadlines and the effects of delay should be documented. This establishes urgency without relying on unsupported predictions of inevitable loss.

12.3. Legal restrictions and commercial decisions

Even a reasoned finding that sanctions do not prohibit an operation does not establish that every bank must provide the service. Where a refusal remains, the company should determine whether a legal freeze continues or the bank relies on contractual terms and risk policy. The appropriate response depends on that distinction. Sanctions arguments do not by themselves resolve a contractual dispute, while a contractual claim does not override a mandatory prohibition.

If the bank relies on a public authority's decision, its identifying details and challenge procedure should be established. If no such decision exists, the company should identify the internal assessment requiring review. Approaching the wrong body consumes time and may leave an operative measure unchallenged. All challenge deadlines must be checked under the applicable national law; correspondence with a bank should not be assumed to suspend them.

13. Structural change: the legal act and the actual result

A share transfer, a director's resignation and termination of a mandate are different events. Assessing the end of control requires examination of their combined effect. A new shareholder register may establish a change of holder without revealing a retained option, consent right, financing arrangement or obligation to return the asset. Review must therefore cover both corporate instruments and related arrangements.

ARGA proposes two comparable maps: one before the change and one after it. Each significant power should identify the former holder, successor, legal basis of transfer and evidence of implementation. If bank access has ended, its termination should be documented. If appointment rights have moved, the operative corporate rules must be examined. A promise to change management later should not be presented as an accomplished result.

The lawfulness of the restructuring itself also requires assessment. A change in ownership is not independent permission to deal with frozen assets. OFAC FAQ 402 distinguishes a genuine reduction of aggregate ownership in the circumstances it describes from property already lawfully blocked: a subsequent structural change does not itself release that property. [5]

A transaction assessment should examine the purchaser's economic independence, including financing, risk-bearing capacity, settlement and continuing obligations to the seller. This does not mean that every loan or deferred payment proves a sham. The combined arrangements must be assessed to determine whether the transaction genuinely changes the former participant's ability to direct corporate affairs.

14. En+, Rusal and EuroSibEnergo: governance and an OFAC decision

On 27 January 2019, the US Treasury announced the removal of En+, Rusal and EuroSibEnergo from sanctions following reductions in Oleg Deripaska's interests and the severance of his control. The published arrangements included independent directors, voting changes and continuing audit, certification and reporting requirements. Sanctions on Deripaska remained in place at that time. This is a historical example of an individual OFAC decision, not a statement of all restrictions applicable today. [19]

ARGA's analytical conclusion is that credible corporate reform should remain verifiable over time. Is an independent director sufficient if the former controller can immediately remove that director? Is the new arrangement durable if major financial decisions still require external approval? Who receives information about breaches of the safeguards, and who can require a remedy?

A reform project should define implementation evidence and monitoring arrangements in advance. A change to appointment rights, for example, requires more than a shareholder resolution: the effective text, registration steps and membership of the functioning body should be established.

Changes to payment authority can be supported by access settings, internal procedures and a sample of actual transactions.

It is particularly important to distinguish the automatic application of an ownership rule from the company's own designation. Where an entity is expressly listed, corporate reform may support reconsideration but does not replace an official delisting decision. The project plan should therefore track factual changes, necessary authorisations and the legal act required to terminate the restriction separately.

15. Governance separation and the limits of a licence

The European Commission describes a firewall as safeguards excluding a designated person's influence over an unlisted EU company and its assets. Its 2023 guidance addresses independent management and verification of the safeguards; the designated person's own property remains frozen. The arrangement requires an appropriate legal basis and engagement with the competent authority. [18]

ARGA proposes examining four areas: appointment and removal of managers, disposition of funds, access to management information and economic benefit. A weakness may lie outside the board. Independent management may formally approve payments while a significant contract allows another person to determine the use of receipts. Review should cover the entire mechanism rather than only its public description.

Recognition of effective safeguards must be distinguished from a licence for a particular act. Permission to pay for a specified service does not remove every restriction affecting a company. Similarly, evidence of independent management does not necessarily authorise a transaction prohibited on another ground. An internal authorisation record should identify the parties, transaction, amount or limit, validity period, conditions and reporting duties.

Before execution, the actual operation should be checked against those parameters. A change in recipient, bank, purpose or payment structure requires renewed examination of the authorisation's scope. Saying that the transaction is "essentially the same" is not a substitute. Legal certainty depends on matching a specific instrument to specific performance, rather than relying on a general impression of an earlier approved project.

16. Practical situations and decision sequence

The following situations are hypothetical. They illustrate an assessment method rather than provide determinations about existing companies.

16.1. Two minority shareholders

Two persons hold separate interests, each below half the capital, and both appear on the relevant sanctions list. The analyst's first task is to identify the applicable regime and the precise restrictions on each person. Aggregation and joint rights are then considered. Identical percentages do not establish a single result across the United States, EU and UK.

The evidence package comprises a verified register, share-class information, agreements and a separate assessment for each regime. If the company relies on one universal opinion, its conclusions

should be separated by legal system. The reviewer's essential question is which element of the relevant rule connects the established facts to the asserted consequence.

16.2. A former shareholder with a continuing mandate

A company states that its former participant has left the business. The register confirms the transfer, but that person retains a broad mandate to operate funds. The analyst should examine the powers, duration, delegation provisions and actual use. The mandate should neither be ignored nor automatically used to attribute control over every group asset on the basis of access to one account.

If the authority is terminated, notice to those implementing it, including the bank, should be established. Signing an internal document may not answer whether operational access has actually ended. The final assessment should distinguish the position before revocation, the legal moment of termination and the confirmed end of the operational ability.

16.3. A transfer to a relative

Following an ownership change, a relative of the previous owner manages the business. Kinship does not replace a control assessment. Equally, it does not remove the need to examine financing, arrangements and actual decisions. The file should establish the transaction circumstances and the successor's independence rather than rely solely on the successor's absence from a list.

Particular attention should be paid to acquisition funding and the distribution of benefits. If the successor must transfer all income to the former owner, that obligation requires legal analysis. If no such obligation exists, available documents should support the conclusion and information limits should be identified. Assumptions about family relationships should not substitute for evidence in either direction.

16.4. An urgent supplier payment

A company's account is frozen when payment to an independent supplier falls due. Commercial necessity does not automatically authorise execution. The freezing basis and any available exception or authorisation procedure must first be established. The recipient and the full execution chain should be checked in parallel.

The application should include the contract, invoice, evidence of performance, amount calculation and documented consequences of delay. If the company also disputes control, those arguments should be presented separately from the request for the particular payment. This reduces the risk that incomplete information on one issue prevents focused consideration of the other.

17. Opinion quality and subsequent monitoring

A good opinion is reproducible: another professional can follow the path from source to conclusion. Each significant assertion should therefore be supported by a document or expressly identified as an analytical assessment. An unknown fact should not become a negative finding. "Not identified in the sources examined" and "does not exist" have different evidential meanings.

ARGA proposes including a short examination of the alternative conclusion. If the company considers control absent, what is the bank's strongest contrary argument? If the bank considers

control established, which document could disprove its basis? This helps reduce selective use of evidence and identifies whether further enquiries are needed before execution.

Monitoring should respond to events capable of changing the analysis: a new designation, transfer of an interest, revised agreement, changes in the board, mandates, financing or banking authority. Calendar-based review does not replace a response to a material event. The frequency of scheduled updates should reflect the relationship and its risks rather than an invented universal interval.

Version history is also important. The previous opinion should be retained with its supporting evidence; the next version should explain the changed circumstances. This allows earlier operations to be assessed against the information and rules of the relevant time rather than today's structure. Internal approval should identify the decision-maker and the conditions requiring reassessment.

18. Observatoire ARGA proposals

ARGA proposes that ownership and control practice centre on a verifiable basis for each restriction. The decision should identify the person, relationship and asset that justify the measure. Even where disclosure is lawfully limited, meaningful response and effective review should remain possible. A generic reference to “sanctions risk” should not replace identification of the actual dispute.

A second priority is comparable corporate evidence. Banks, companies and representatives would benefit from a common minimum format covering identifiers, date, ownership structure, management rights, sources and unresolved discrepancies. This would not create a presumption that a transaction is lawful, but would reduce the cost of repeatedly explaining the same facts to different participants.

A third priority is clarity about outcomes. A finding of no control, authorisation of one operation, delisting and termination of a contractual relationship have different consequences. They should be recorded in distinct decisions or sections, preventing recipients from attributing broader effect to an instrument than it actually has.

Finally, ARGA supports accessible review procedures for companies affected through ownership or control. Rapid initial freezing should be accompanied by an opportunity to produce evidence, obtain a reasoned assessment and secure correction of an error. This improves the precision of restrictive measures while protecting both their effectiveness and the rights of independent economic actors.

Conclusion

Ownership and control require examination of a particular structure rather than a general assessment of a business's origin. Shareholdings, corporate powers, actual management and access to assets must be considered within a defined regime and at an identified date. The legal outcome depends on how documented facts meet the applicable rule.

A durable practical file combines three elements: a verified map of rights, evidence of actual management and the correct procedure. Together, these allow hidden control to be identified and unsupported attribution to be challenged. Professional analysis should make both a restriction and a request for its review specific, testable and proportionate to the established circumstances.

Annex A. Preparing an assessment

Stage	Principal question	Output
Identity	Does the person match the listed entry?	Verified identifiers
Applicable regime	Which rule governs the operation?	Provision, date and jurisdictional connection
Ownership	Which holdings and chains are established?	Calculation supported by sources
Control	Who determines significant decisions?	Matrix of rights and actual practice
Asset and transaction	What is frozen or prohibited?	Defined scope of assessment
Remedy	Which decision needs to change?	Appropriate recipient and procedure
Execution	Which conditions must be met?	Review of authorisations and powers
Updating	Which events change the conclusion?	Reassessment process

Sources and references

Legislation, judgments and official explanations are identified separately. Historical decisions do not establish a company's present status. The operative legislation, lists and authorisations must be checked for the particular transaction.

[1] OFAC. FAQ 398: control and the 50 Percent Rule. <https://ofac.treasury.gov/faqs/398>

[2] OFAC. FAQ 399: aggregation of blocked persons' ownership interests. <https://ofac.treasury.gov/faqs/399>

[3] OFAC. FAQ 400: dealings with a blocked person acting for a non-blocked entity. <https://ofac.treasury.gov/faqs/400>

[4] OFAC. FAQ 401: indirect ownership and examples of corporate chains. <https://ofac.treasury.gov/faqs/401>

[5] OFAC. FAQ 402: divestment and property already blocked. <https://ofac.treasury.gov/faqs/402>

[6] Council Regulation (EU) 2025/2037 of 23 October 2025 amending Regulation (EU) No 269/2014. Article 1: definitions of owning and controlling. <https://eur-lex.europa.eu/eli/reg/2025/2037/oj/eng>

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[8] European Commission. Asset freeze and prohibition to make funds and economic resources available. FAQs as of 25 September 2026, questions 1-4, 8-9 and 43-46. https://finance.ec.europa.eu/document/download/c7265161-3d9c-42e2-a928-e5b38c02bb92_en?filename=faqs-sanctions-russia-assets-freezes_en.pdf

[9] European Commission. Opinion of 19 June 2020 on Article 2 of Council Regulation (EU) No 269/2014, questions 1, 2.1-2.3. https://finance.ec.europa.eu/system/files/2020-06/200619-opinion-financial-sanctions_en.pdf

[10] United Kingdom. The Russia (Sanctions) (EU Exit) Regulations 2019, SI 2019/855, regulation 7 and Schedule 1. See also the statutory test reproduced in reference 16.

<https://www.legislation.gov.uk/uksi/2019/855/regulation/7>

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