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## Overview of EU, Swiss and UK sanctions against Russia and Belarus

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### 1 EXECUTIVE SUMMARY

In response to the emerging conflict in Ukraine following the recognition by Russia of the non-governmental controlled areas of Donetsk and Luhansk and the subsequent military invasion of Russian troops on 24 February 2022, the European Union (EU), Switzerland and the United Kingdom (UK), among others, acted quickly to impose dynamic, far-reaching sanctions against Russia and Belarus.

The EU has imposed targeted sanctions (notably asset freezes and travel bans) against numerous individuals and entities, economic sanctions (notably trade bans relating to military items and dual-use goods), financial restrictions and limitations on the financial inflows from Russia and Belarus to the EU. The financial restrictions consist of the exclusion of several Russian and Belarussian banks from the SWIFT messaging system and a ban on transactions with the Central Banks of Russia and Belarus. Furthermore, the EU has closed its airspace to Russian air carriers, suspended broadcasting of certain Russian state-owned media, and imposed export restrictions on maritime navigation and radio communication technology to Russia.<sup>1</sup>

**Switzerland** has adopted asset freezes and travel bans against certain individuals and entities, financial restrictions (including prohibiting trade of transferable securities and money market instruments, granting of loans, receipt of deposits, and banning transactions with Central Bank of Russia). Switzerland has also excluded several Russian and Belarussian banks from SWIFT in line with the EU, imposed economic sanctions (such as export bans on military items and dual-use goods, prohibitions on aerospace and oil refinery goods, and import and export bans) and closed its airspace to Russian carriers.

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<sup>1</sup> <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-ukraine-crisis/>.

Similarly, the **UK** imposed financial restrictions, including asset freezes against Russian government officials, oligarchs and entities, prohibitions relating to transferable securities and money market instruments, a ban on the provision of financial services and loans to the Russian Central Bank and other institutions, tightened export controls and trade restrictions (including dual-use and critical-industry goods and technology) and introduced maritime and airspace restrictions. The UK is also expected to adopt the Economic Crime (Transparency and Enforcement) Bill to facilitate the enforcement of the sanctions and strengthen current tools such as Unexplained Wealth Orders.

While these sanctions regimes continue to evolve, the following provides an overview of the financial and trade measures currently imposed by the EU, Switzerland and the UK and assesses the practical implications for businesses affected by these new sanctions.

In response to these sanctions imposed by the international community, Russia has adopted several counter-measures, such as banning certain dividend payments to foreign persons and the export of more than 200 products to approximately 48 countries.<sup>2</sup> Russia has also threatened to seize Russian based assets of Western companies who withdraw from their market in response to the war in Ukraine.

## 2 OVERVIEW OF THE SANCTIONS

### 2.1 EU Sanctions

On 23 February 2022, the European Council agreed to sanctions following the recognition by Russia of the non-government-controlled areas of Donetsk and Luhansk in Ukraine as independent entities.<sup>3</sup> These restrictive measures include:

- 1) **Targeted restrictive measures** against specific individuals and entities, imposing a freeze of funds and economic resources and a prohibition from making funds available to the listed individuals and entities, as well as a travel ban against the listed individuals within the EU;

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<sup>2</sup> <https://www.bbc.com/news/business-60689279>.

<sup>3</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2022:0421:TOC>.

- 2) **Economic sanctions**, in particular an import ban on goods from the non-government-controlled areas of Donetsk and Luhansk oblasts, restrictions on trade and investments related to certain economic sectors, a prohibition to supply tourism services, and an export ban for certain goods and technologies; and
- 3) **Financial restrictions** on Russia's access to the capital and financial markets of the EU.

In response to escalating hostilities, the EU leaders agreed to further sanctions targeting the finance, defense, energy, aviation, and space sectors, expanding financial restrictions, including those on access by listed Russian entities to capital markets, as well as restrictions on exports of dual-use goods and introducing new export controls.<sup>4</sup> In addition, the EU extended the assets freezes against Russian individuals, including government officials and oligarchs and defined new listing criteria.<sup>5</sup>

The freezing of funds means that any move or transfer with funds in any way that would result in enabling the use of funds is prevented.<sup>6</sup> The freezing of economic resources entails the prevention of the use of economic resources to obtain funds, goods or services in any way, including, but not limited to, by selling, hiring or mortgaging such assets.<sup>7</sup>

Whereas funds are defined as cash or bank deposits, economic resources include all types of assets (except funds), whether tangible, intangible, movable or immovable, in particular real estate property and luxury goods such as works of art, motor vehicles and aircraft. While freezing orders under the EU sanctions are aimed at preventing the use of the targeted assets, these sanctions do not enable confiscation of these assets.

The EU subsequently adopted new restrictive measures, namely:

- a) a ban on transactions with the Russian Central Bank;

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<sup>4</sup>Council Decision (CFSP) 2022/327 implemented by Council Regulation 2022/328.

<sup>5</sup> <https://www.consilium.europa.eu/en/policies/sanctions/ukraine-crisis/>.

<sup>6</sup> Art. 1 lit. f Council Regulation (EU) 269/2014.

<sup>7</sup> Art. 1 lit. e Council Regulation (EU) 269/2014.

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- b) a ban on the overflight of the EU airspace and on access to EU airports by Russian carriers of all kinds;
  - c) the list of sanctioned persons and entities was extended;
  - d) a ban on the supply of euro banknotes to any natural or legal person Russia, unless for the personal use of persons travelling to Russia or for official purposes (e.g., diplomatic missions).
  - e) a suspension of the broadcasting activities in the EU of certain Russian state-owned media outlets; and
  - f) a ban on the provision of specialized financial messaging services to certain Russian credit institutions and their Russian subsidiaries, which prohibits access to the Worldwide Interbank Financial Telecommunication (“**SWIFT**”) network for seven Russian banks.<sup>8</sup>

On 9 March 2022, the EU extended the scope of its restrictive measures against Russia and Belarus by amending the list of sanctioned persons and entities<sup>9</sup> and introducing new restrictions on the export of maritime navigation and radio communication technology.<sup>10</sup>

The EU also adopted financial restrictions against Belarus, similar to those in place against Russia, including<sup>11</sup>:

- a) SWIFT prohibitions against three Belarussian banks and their subsidiaries;<sup>12</sup>
- b) a prohibition on transactions with the Central Bank of Belarus;
- c) a prohibition on the provision of public financing for trade with and investment in Belarus;

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<sup>8</sup> <https://www.consilium.europa.eu/en/policies/sanctions/ukraine-crisis/>; The concerned Russian banks are Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, VNESHECONOMBANK (VEB) VTB, BANK, as well as every legal entity established in Russia whose direct or indirect ownership by one of these banks exceeds 50%.

<sup>9</sup> [Council Implementing Regulation \(EU\) 2022/396](#), implementing Regulation (EU) No 269/2014.

<sup>10</sup> [Council Regulation \(EU\) 2022/394](#), amending Regulation (EU) No 833/2014.

<sup>11</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_1649](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1649).

<sup>12</sup> The concerned Belarussian banks include Belagroprombank, Bank Dabrabyt, and the Development Bank of the Republic of Belarus.

- d) a prohibition on the listing and provision of services in relation to shares of Belarus state-owned entities on EU trading venues as of 12 April 2022;
- e) prohibition on the provision of banknotes denominated in euro to Belarus;
- f) a limitation of financial inflows from Belarus by prohibiting the acceptance of deposits exceeding 100,000 euros.

The EU also clarified that crypto-assets fall within the definition of “transferable securities” included in the restrictive measures to avoid the circumvention of these sanctions. In addition to these measures, the EU has also suspended its Agreement with Russia to facilitate the issuance of short-term visas to certain categories of Russian citizens.<sup>13</sup>

Thereby, the European Council has amended the existing Council Regulations Nr. 269/2014, Nr. 833/2014, and Nr. 765/2006 and adopted the new Council Regulation Nr. 2022/263 in response to the current war in Ukraine.<sup>14</sup>

These current restrictive measures target a total of 862 individuals, including all 351 members of the Russian State Duma, 146 members of the Russian Federation Council, 22 high ranking members of the Belarusian military, and 53 entities.<sup>15</sup> These sanctions target not only sanctioned persons and businesses but also impact other non-sanctioned business activities and payment transactions.

## 2.2 Swiss Sanctions

As a non-EU member, Switzerland is not bound by the restrictive measures imposed by the EU. However, Switzerland may enact compulsory measures

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<sup>13</sup> Council Decision Nr. 2022/333.

<sup>14</sup> Council Regulations Nrs 2022/259, 2022/262, 2022/263 and Council Implementing Regulations Nrs 2022/260 and 2022/261 of 23 February; Council Regulations Nrs 2022/328 and 2022/330 and Council Implementing Regulation Nr 2022/332 of 25 February 2022; Council Regulation Nr. 2022/334 and Council Implementing Regulation Nr. 2022/336 of 28 February 2022; Council Regulation 2022/345 of 1 March 2022; Council Implementing Regulation Nr. 2022/353 and Council Regulation Nr 2022/355 of 2 March 2022; Council Implementing Regulation Nr. 2022/396, Council Regulations Nrs 2022/394 and 2022/398 of 9 March 2022; Council Regulation Nr. 2022/408 of 10 March 2022 are accessible here : <https://eur-lex.europa.eu/oj/direct-access.html>.

<sup>15</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_1649](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1649). A searchable database of the individuals and entities sanctioned by the EU is available here: <https://www.sanctionsmap.eu/#/main>.

adopted by international organisations or its main trading partners, such as the EU, to ensure compliance with international law, in particular human rights. These measures may include trade embargoes, financial sanctions or travel bans (Art. 1 of the Federal Act on the Implementation of International Sanctions). Swiss sanctions extend to all prohibited acts carried out on Swiss territory and generally do not have extraterritorial effect. Similar to the EU, Swiss sanctions do not allow for confiscation.

On 25 and 28 February 2022, the State Secretariat of Economic Affairs (SECO) amended the existing Swiss Ordinance on Measures to Prevent the Circumvention of International Sanctions in Connection with the Situation in Ukraine. This amendment includes the immediate blocking of assets belonging to the listed individuals and entities sanctioned by the EU, including Russian President Vladimir Putin, Prime Minister Mikhail Mishustin and Foreign Minister Sergey Lavrov.

Accordingly, all funds and economic resources belonging to or controlled by listed individuals or entities are frozen in accordance with the EU sanctions. Swiss financial institutions are therefore prohibited from executing any direct or indirect transactions involving sanctioned individuals or entities. This may also apply to transactions of foreign subsidiaries of a sanctioned entity if the transaction occurs via a bank located in Switzerland.

The sanctions currently also restrict the opening of new business relationships with listed persons and require that current relationships be reported to SECO.

On 28 February 2022, the Swiss government announced the suspension of the agreement with Russia on visa facilitation and that Swiss airspace will be closed to all flights to and from Russia and for all Russian aircraft.

On 4 March 2022 Switzerland adopted a number of additional sanctions, including:

- a) Extension of the bans on imports, exports and investments concerning Crimea and Sevastopol, which were introduced in 2014, to the Donetsk and Luhansk Oblasts;
- b) Entry bans against certain individuals close to the Russian president;
- c) Export bans on all dual-use items to Russia, regardless of their end-use or end-user;

- d) Export of goods that could contribute to Russia's military, technological enhancement of the defence and security sector is prohibited, as well as the provision technical assistance, brokering services or financing;
- e) The export to Russia of certain goods and services in the oil sector, aviation and space industry is no longer permitted. The prohibition includes respective insurance, repair work, inspections, brokering services and financial assistance;
- f) The provision of public financing or financial assistance for the purpose of trade or investment in Russia is prohibited. Transactions with the Russian Central Bank are also no longer permitted;<sup>16</sup>
- g) Exclusion from SWIFT in accordance with the EU regulation adopted on 1 March 2022; and
- h) Extension of the list of sanctioned individuals and entities<sup>17</sup>.

The newly adopted measures contain exemptions for those acts necessary for agricultural, medical or humanitarian purposes to avoid the impediment of humanitarian activities.

### 2.3 UK Sanctions

The UK is no longer bound by the restrictive measures imposed by the EU following Brexit but has adopted sanctions broadly equal to those of its EU and Swiss counterparts. These include financial sanctions targeting specific individuals and entities, such as asset freezes, travel bans, immigration measures, as well as trade and export restrictions.

Since 24 February 2022, the UK has extended its existing financial sanctions against Russia to a number of Russian entities and individuals. The current list

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<sup>16</sup> Concerning the personal scope of the measures, the Swiss sanctions provide for some exceptions from certain financial restrictions, *i.e.* the prohibition of receipt of deposits (Art. 20), the prohibition of the provision of certain services to central securities depositories (Art. 22) and the prohibition of the sale of transferable securities (Art. 23), which do not apply to individual with Swiss or EU nationality or holding a Swiss or EU residence permit.

<sup>17</sup> SECO maintains a searchable database of sanctioned subjects, which is available here: [https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik\\_Wirtschaftliche\\_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-embargos/sanktionsmassnahmen/suche\\_sanktionsadressaten.html](https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-embargos/sanktionsmassnahmen/suche_sanktionsadressaten.html).

includes 204 individuals and 65 entities targeted by these UK sanctions, specifically the freezing of assets.<sup>18</sup>

The UK Prime Minister subsequently announced asset freezes on a number of additional individuals and state-owned entities, including major Russian banks active in the UK financial system. In a joint statement with its international partners, the UK pledged to exclude certain Russian banks from the SWIFT messaging system and to impose restrictions against the Russian Central Bank.<sup>19</sup>

The UK government adopted sweeping financial, trade and export sanctions with effect from 1 March 2022. The measures prohibit persons from dealing with individuals or entities owned by, acting on behalf of or otherwise controlled by those deemed connected with Russia or its government in transferable securities, money-market instrument or providing loans.<sup>20</sup> Furthermore, the measures prohibit UK persons or entities from providing financial services, including foreign exchange and asset management, to the Russian Central Bank, the Russian National Wealth Fund or the Russian Ministry of Finance.<sup>21</sup>

In addition to financial sanctions, the UK government expanded its export controls and trade restrictions on the export, supply and delivery and making available of military goods to include dual-use goods and critical-industry goods and technology.<sup>22</sup> These trade sanctions also extend the prohibitions on the provision of technical assistance, financial services, funds and brokering services to dual-use goods and technology and critical-industry goods and technology. To ease the implementation of certain provisions, the UK government included the provision of general licenses for the winding down of certain specified transactions, such as winding down transactions with sanctioned entities.

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<sup>18</sup> The UK Office for Financial Sanctions Implementation (OFSI) maintains a searchable sanctions database available here: <https://sanctionssearch.ofsi.hmtreasury.gov.uk/>.

<sup>19</sup> <https://www.gov.uk/government/news/joint-statement-on-further-restrictive-economic-measures-26-february-2022>.

<sup>20</sup> <https://www.legislation.gov.uk/uksi/2022/194/contents/made>.

<sup>21</sup> <https://www.legislation.gov.uk/uksi/2022/205/contents/made>.

<sup>22</sup> <https://www.legislation.gov.uk/uksi/2022/195/contents/made>.

In response to these sanctions and market conditions, the London Stock Exchange suspended trading in 27 Russian firms, including Sberbank, VTB, Gazprom, Rosneft and Lukoil.<sup>23</sup>

The UK further amended its sanctions to bar Russian and other specified ships from entering UK ports. The measures also extend the powers of the Secretary of State to control movement of Russian or otherwise specified ships by ordering them to depart or enter specified ports, direct their movement or remain in port. Furthermore, the regulations authorise the Secretary of State and harbour authorities to detain Russian ships or specified ships at ports or anchorages.<sup>24</sup>

On 9 March 2022, the UK announced airspace restrictions against Russian carriers, introduced a ban on the export of aviation and space-related goods and technology and will prohibit UK companies from providing insurance services in relation with such goods and technology.<sup>25</sup>

The UK Parliament is currently expediting the adoption of the Economic Crime (Transparency and Enforcement) Bill to facilitate the enforcement of the sanctions.<sup>26</sup> Once passed, these amendments would shorten the deadlines to register (ultimate) shareholders overseas entities and strengthen the current Unexplained Wealth Orders by making them easier to issue and expanding the period for the authorities to investigate the individuals or entities in question.

### **3 IMPLICATIONS FOR BUSINESSES**

#### **3.1 Banking, Finance, and Payment**

Under the current EU and Swiss sanctions, the following banks will be subject to asset freezes and prohibited from accessing funds and economic resources: Bank Rossiya, PROMSVYAZBANK, VEB.RF. As of 12 March 2022, these banks, including VTB Bank, along with Bank Otkritie, Sovcombank, Novikombank will no longer be able to access the SWIFT platform.<sup>27</sup> Sberbank is not currently listed as an entity subject to these EU measures. A number of

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<sup>23</sup> <https://www.ft.com/content/0d792382-dfae-4fe6-952b-dc9bdcad08f8>.

<sup>24</sup> <https://www.legislation.gov.uk/ukxi/2022/203/contents/made>.

<sup>25</sup> <https://www.gov.uk/government/news/uk-strengthens-ban-on-russia-aircraft-and-introduces-new-trade-sanctions>.

<sup>26</sup> <https://bills.parliament.uk/bills/3120>.

<sup>27</sup> Council Regulation Nr. 2022/833 (Art. 5h).

Russian banks, including VTB Bank and Sberbank, have been sanctioned by the UK<sup>28</sup> as well as the United States.<sup>29</sup>

According to Articles 4 to 6b of Council Regulation Nr. 269/2014, member states can authorise the usage of frozen assets and economic resources. In particular, member states can authorise the unfreezing of assets of listed persons or entities, in order to fulfill contractual obligations which arose prior to the sanctions (Article 6 para. 1). In the case of Bank Rossiya, PROMSVYAZBANK, VEB.RF such an authorisation will only be granted where the unfreezing is also necessary for the termination of banking relations by 24 August 2022 (Article 6b).

However, it should be noted that both Sberbank and VTB Bank are subject to other measures under Council Regulation Nr. 833/2014. According to Article 5 thereof, it is prohibited to: directly or indirectly purchase, sell, provide brokering or assistance in the issuance of, or otherwise deal with transferable securities and money-market instruments, depending on their maturities, issued by listed entities and banks.<sup>30</sup>

In addition, Council Regulation Nr. 833/2014 now prohibits credit institutions from accepting deposits exceeding EUR 100'000 from Russian nationals and residents, and Russian entities, as well as the supply of euro banknotes to any natural or legal person Russia, unless for the personal use of persons travelling to Russia or for official purposes (e.g., diplomatic missions) (Arts. 5b and 5i).

The EU's exclusion of Russian banks from SWIFT – with Switzerland and the UK following suit – will have far reaching consequences. Although funds are not transferred via SWIFT, banks almost exclusively use SWIFT in their transfer instructions. Thus, though fund transfers outside of SWIFT are possible, banks will most likely refrain from doing business with banks banned from SWIFT.

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<sup>28</sup> <https://www.legislation.gov.uk/ukxi/2019/855/schedule/2>.

<sup>29</sup> <https://home.treasury.gov/news/press-releases/jy0608>.

<sup>30</sup> As of 25 February 2022, the following banks, and their subsidiaries, have also been included: Alfa Bank, Bank Otkritie, Bank Rossiya, and Promsvyazbank. Prohibitions on making new loans or extending credit to, *inter alia*, these four banks and Sberbank and VTB Bank have also been introduced (Art. 5.6).

### 3.2 Export bans and trade restrictions

Council Regulation Nr. 833/2014 provides for restrictions on the sale, supply, transfer or export to (or for use in) Russia of dual-use goods and technology, as well as listed goods and technology which might contribute to the enhancement of Russia's defence and security sectors. Among others, Council Regulation Nr. 833/2014 targets goods and technology for use in oil refining, and the aviation and space industry, as well as semiconductors. Restrictions also apply, *inter alia*, to the provision of related technical or financial assistance and financing.

EU member states may authorise the sale, supply, transfer, or export in limited instances, including – at certain conditions – for categories of goods and technology due under contracts concluded before 26 February 2022. However, such authorisations must be sought prior to **1 May 2022**.

Similarly, the UK and Switzerland have expanded their export controls and trade restrictions consistent with their EU and Western partners.

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The sanctions related to the situation in Ukraine are the result of unprecedented coordination by the international community, including the US, Canada, Australia, the EU, Switzerland and the UK. LALIVE will continue to monitor these changing sanctions and their effects as the situation develops.

**For further questions or comments about this topic, please contact the authors:**



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