

# The latest financial sanctions against Russia – an overview

3 March 2022

In view of “Russia’s actions destabilising the situation in Ukraine”, as the relevant Regulations coin it, the EU has tightened the financial sanctions on Russia. Introduced via Council Regulations of [25 February](#), [28 February](#) and [1 March](#), the revised and newly inserted Articles 5 to 5i of the amended [Council Regulation \(EU\) No 833/2014](#) seek to largely restrict access to the EU capital market by Russia’s central bank, several major banks and key companies. As announced in our [briefing of 26 February 2022](#) on the EU’s second round of Russia sanctions, we will go into more detail on these sanctions in the following.

## **Substantial restraints regarding the financial market**

The newly introduced changes, first, tighten and expand the preexisting prohibitions under Article 5 of Regulation (EU) No 833/2014 to directly or indirectly purchase, sell, provide investment services for or assistance in the issuance of, or otherwise deal with certain transferable securities and money-market instruments. Whereas the Regulation provides for exceptions for transferable securities and money-market instruments with a maturity not exceeding 30 days issued after 12 September 2014, the same exception does not apply to those issued after 12 April 2022. Thus, from this date on, all dealings with transferable securities and money-market instruments issued by listed legal persons, entities or bodies is prohibited. This prohibition, originally applicable with respect to banks and other legal persons, entities or bodies listed in Annexes III, V and VI, now extends to those listed in Annex XII and XIII. They cover additional banks (namely Alfa Bank, Bank Otkritie, Bank Rossiya and Promsvyazbank) as well as several companies (including Almaz-Antey, Kamaz, Rostec, and Russian Railways). Additionally, the amendments extend the general prohibition to make new loans or credits to any of the listed persons, entities or bodies, and strike out a maturity-based exception with immediate effect. Lastly, newly introduced Article 5(5) now prohibits to list and provide services as of 12 April 2022 on trading venues registered or recognized in the EU for the transferable security of any legal person, entity or body established in Russia and with over 50% public ownership.

Further amendments concern the Russian central bank and the correspondent Article 5a, introduced already through a [Council Regulation of 23 February 2022](#). The provision establishes the general prohibition to deal with transferable securities and money-market instruments after 9 March by Russia and its government or the Central Bank of Russia. Pursuant to [newly inserted](#) paragraphs, transactions related to the management of reserves and assets of the Central Bank of Russia are also prohibited. Exceptional authorizations may be applied for with respect to transactions that are necessary to ensure the financial stability of the EU or a Member State.

## **Deposit limit of 100,000 EUR**

Another notable measure, presumably intended to affect the Russian financial elite, can be found in new Article 5b of the Regulation. This provision prohibits to accept any deposits from Russian individuals or residents and entities established in Russia, if the total value of the deposits of the individual or entity per credit institution exceeds 100,000 EUR. This does, however, apply neither to nationals of an EU Member State or natural persons having a temporary or permanent residence permit in a Member State nor to deposits which are necessary for non-prohibited cross-border trade in goods and services between the EU and Russia. Under certain circumstances defined by Articles 5c and 5d, the competent national authorities may also exceptionally issue authorisations to accept deposits, e.g., if the deposit in question serves satisfying basic needs or humanitarian purposes.

## **Prohibitions for central securities depositories, selling euro denominated transferable securities and special reporting rules**

Newly inserted Articles 5e to 5g introduce further restrictions. While Article 5e establishes a prohibition for central securities depositories with respect to certain services to Russian individuals or residents and entities based in Russia for transferable securities issued after 12 April 2022, Article 5f prohibits the sale of euro denominated transferable securities or shares to such individuals or entities. These prohibitions do not apply to nationals or residents of an EU Member State.

In contrast to other provisions, Article 5f does not contain a prohibition, but establishes an obligation of credit institutions to supply the respective competent national authorities of their Member State or the EU Commission a list of deposits held by Russian individuals or entities exceeding 100,000 EUR by 27 May 2022. The information on the amount of the corresponding deposits shall be updated every 12 months. In addition, there is an obligation for credit institutions to supply information on deposits exceeding 100,000 EUR belonging to Russian individuals who have acquired the citizenship of a Member State or residence rights in a Member State through an investor scheme.

## **SWIFT exclusion and prohibition to trade euro denominated banknotes**

Newly inserted Article 5h of the Regulation excludes several Russian banks, listed in Annex XIV of the Regulation, from SWIFT. SWIFT is the internationally dominant messaging network through which international payments are initiated. The exclusion affects Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, Vnesheconombank (VEB) as well as VTB Bank. However, Russia's largest and third-largest banks, Sberbank and Gazprom Bank, are not listed.

In the same breath, new Article 5i has been inserted in the Regulation, prohibiting the sale, supply, transfer or export of euro denominated banknotes to Russia or to any natural or legal person, entity or body in Russia, or for use in Russia. Exceptions apply only with respect to the personal use of natural persons travelling to Russia or the official purposes of diplomatic missions, consular posts or international organisations.

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These sanctions are further complemented by the general prohibition to provide public financing or financial assistance for trade with, or investment in, Russia after 26 February 2022 (Article 2e of the Regulation) as well as the increasing list of sanctioned individuals and companies, whose assets are frozen pursuant to Council Regulation (EU) No 269/2014.

We are at your disposal at any time to answer questions on the practical implementation as well as on the scope of application of the sanctions. Please do not hesitate to contact [Pascal Friton](#), [Roland M. Stein](#), [Florian Wolf](#), [Laura Louca](#) or [Tobias Ackermann](#).