Mounting Pressure on the Russian Financial and Energy Sectors

Key Measures of the 21st EU Sanctions Package Against Russia and Belarus

29 July 2026

According to media reports, the European Union's 21st package of sanctions against Russia and Belarus, published on 23 July 2026, was preceded by weeks of protracted and difficult negotiations. Several Member States succeeded in securing mitigations or concessions in favour of domestic businesses. Nevertheless, the latest package contains the most extensive listings of natural and legal persons, entities and bodies in four years, as well as a range of further tightening measures in relation to sectoral sanctions. Key measures include new restrictions targeting the Russian financial sector, the introduction of a new instrument which enables a complete prohibition on crypto-asset services from specific third countries, and the suspension of the automatic adjustment mechanism for the crude oil price cap until 15 July 2027. In addition, the package once again seeks to strengthen the legal position of European companies against abusive Russian jurisdiction.

Sanctions Against Russia

By means of Council Regulation (EU) 2026/1848, Council Regulation (EU) 2026/1844, and Council Implementing Regulation (EU) 2026/1843, all published on 23 July 2026, the existing Russia sanctions under Regulation (EU) No 833/2014 and Regulation (EU) No 269/2014 were tightened once again. The changes entered into force on 24 and 23 July 2026, respectively.

Financial Sector and Crypto-Assets

The 21st sanctions package includes significant measures against the Russian financial sector:

- The list of Russian credit and financial institutions with which transactions are prohibited has been expanded by 33 additional institutions (Annex XIV of Regulation 833/2014). The transaction ban applies to all newly added institutions as of 13 August 2026. As a result, Annex XIV now includes a total of 103 banks and payment service providers, covering a substantial part of the Russian banking system. At the same time, a new authorisation possibility has been introduced for the settlement of existing accounts (Article 5h(3) of Regulation 833/2014).

- Pursuant to Implementing Regulation 2026/1843, an additional 94 banks and financial institutions are now subject to a full asset freeze and the prohibition on making funds or economic resources available under Article 2 and Annex I of Regulation 269/2014.

- With regard to third-country banks, Yelo Bank (Azerbaijan), which had been listed under the previous package, has been removed from the list of entities subject to transaction bans. At the same time, CJSC Eco-Islamic Bank (Kyrgyzstan) has been newly listed in Annex XLIV of Regulation 833/2014, with effect from 13 August 2026.

- In addition, Annex XLV of Regulation 833/2014 has been expanded to include three further third country banks: Chinggis Khaan Bank (Mongolia), Sberbank India and India VTB, effective from 13 August 2026.

- Of particular significance is the extension of transaction bans in the crypto sector. In addition to the above-mentioned banks, 11 crypto-asset platforms (including Rapira, HTX/Huobi Global SA, EXMO Ltd, BitPapa and Tradex) as well as other institutions and network actors have been added to Annex XLV. Depending on the entity concerned, the transaction bans apply from 13 August 2026 or 23 August 2026.

- The 21st package also introduces the possibility of imposing a full transaction ban on all crypto-asset service providers established in a specific **third country**, where that country has been identified as systematically tolerating the use of **crypto-asset services** for the circumvention of EU sanctions (Article 5bc and Annex LVII of Regulation 833/2014). However, the relevant annex is currently empty. For the time being, this instrument should therefore primarily be understood as a deterrent aimed at transit countries and their financial services sectors.

Trade Restrictions

The **purchase and import ban** under Article 3i and Annex XXI of Regulation 833/2014 has been significantly expanded. Newly listed items include copper ores, nickel ores, lead ores, precious-metal ores and concentrates, zinc oxide and zinc peroxide, chromium oxides and hydroxides, tall oil, various glass products, unwrought zinc, as well as bodies (including cabs) for motor vehicles and motor vehicle parts and accessories. Contracts concluded before 24 July 2026 benefit from a wind-down period until 25 October 2026.

With respect to the **sale and export restrictions**, Annex VII to Regulation 833/2014 has been expanded to include additional goods of military and technological relevance. Newly listed items include radio-frequency systems for the control or countering of unmanned aerial vehicles, self-adhesive films and tapes used in aerospace and defence applications, nickel powder, nickel metal and nickel alloys, beryllium powder, as well as UAV-specific components such as servomotors, launch systems, ground support equipment and flight termination systems. These additions reflect the EU's continued focus on Russia's drone warfare capabilities.

Furthermore, 51 new entities have been added to Annex IV to Regulation 833/2014, resulting in additional export restrictions on certain dual-use goods and advanced technologies. The newly listed entities include companies located in China (including Hong Kong), India, Kazakhstan, Kyrgyzstan, Türkiye and the United Arab Emirates.

Energy Sector and Shadow Fleet

In the energy sector, the new sanctions package adjusts the existing crude oil price cap to reflect current market conditions and introduces a number of additional measures.

- The automatic adjustment mechanism for the crude oil price cap, which would otherwise have resulted in a significant increase in the cap, has been suspended until 15 July 2027 pursuant to Article 3n(11a) and (11b) of Regulation 833/2014. As a result, the current cap of USD 44.10 per barrel remains in place. The Council justified this measure by reference to the exceptional market situation following the closure of the Strait of Hormuz.

- A further 41 vessels associated with Russia's so-called shadow fleet have been designated and added to Annex XLII of Regulation 833/2014, bringing the total number of listed vessels to 692. In addition, the designation criteria under Article 3s(2) have been expanded to include vessels providing services such as bunkering or tug services to shadow fleet vessels. Furthermore, Article 3m(11) and Article 3nb(5) of Regulation 833/2014 introduce new rules on cargo carried by shadow fleet vessels if they have been seized or confiscated by Member States.

- For the first time, the package introduces a standalone basis for a prohibition on engaging in any transaction with refineries in Russia and third countries that process Russian crude oil (Article 5ae(2a) and Part D of Annex XLVII of Regulation 833/2014). The first application of this new measure is the designation of the Kulevi Oil Refinery in Georgia, with the transaction ban becoming applicable on 25 January 2027.

- Transaction bans have also been extended to two Russian ports (Olya, Vysotsk) and four Russian airports (Sheremetyevo, Ulyanovsk-Vostochny, Rostov-on-Don Platov and Mineralnye Vody); all prohibitions take effect on 24 July 2026 (Article 5ae(1) and (2) and Annex XLVII, Parts A and B, of Regulation 833/2014).

- The package introduces a notification obligation for the sale of LNG tanker vessels (Article 3qa of Regulation 833/2014) and creates the legal basis for future restrictions on their sale to Russian nationals and entities. This complements the existing notification regime for tankers used for the transport of crude oil and petroleum products under Article 3q(4) of Regulation 833/2014.

Sanctions against Persons, Entities and Bodies

With 218 new listings, the 21st sanctions package constitutes the most extensive designation of individuals, companies and organisations in four years. Among those newly designated are 56 persons and entities associated with the Russian military-industrial complex, in addition to the banks and financial institutions discussed above.

In addition to the new listings, Regulation 2026/1844 introduces several new exemptions and authorisation possibilities under Regulation 269/2014. In particular, Article 6g of Regulation 269/2014 establishes an exemption for passenger and freight transportation services provided by JSC Russian Railways. Russian Railways itself remains undesignated. However, the exemption appears to be a response to the designation of its Director General and Chairman of the Executive Board, whose listing could otherwise indirectly affect the company through the application of financial sanctions. A further exemption is provided in Article 6h of Regulation 269/2014 for funds or economic resources connected with the operation of Hungary's Paks II nuclear power plant project, while new authorisation grounds include, among others, certain insurance services provided by listed insurance undertakings (see Article 6b(5ea) of Regulation 269/2014).

Measures for Legal Protection of EU Companies

The 21st sanctions package further strengthens the protective instruments introduced for natural and legal EU persons under the 20th package. In particular, the non-recognition rule for Russian court judgments (Article 11c of Regulation 833/2014) and the so-called anti-suit instrument (Article 11ca of Regulation 833/2014) are no longer limited to proceedings brought under Articles 248.1 and 248.2 of the Arbitration Procedure Code of the Russian Federation. This is of considerable practical importance, as Russian courts could otherwise rely on general procedural rules to assert jurisdiction over civil claims involving EU companies.

The scope of the anti-suit instrument has also been expanded significantly. EU courts may now not only order the discontinuance of proceedings pending in Russia, but may also prohibit the enforcement, recognition or reliance upon any judgment resulting from such proceedings in any jurisdiction worldwide (Article 11ca(1)(b) of Regulation 833/2014). Breaches of such court orders may result in financial penalties payable to the EU person that obtained the order (Article 11ca(2) of Regulation 833/2014). An analogous extension of the non-recognition regime has also been introduced in Article 11c of Regulation 269/2014.

Sanctions against Belarus

Council Regulation (EU) 2026/1846, published on 23 July 2026, strengthens the Belarus sanctions contained in Regulation (EC) No 765/2006 largely in parallel with the measures adopted against Russia. In particular, the Regulation expands corresponding trade restrictions (Article 1ra and Annex XXVII and Article 1f and Annex Va of Regulation 765/2006), introduces new measures concerning the governance of crypto-asset service providers (Article 1u(3) of Regulation 765/2006), and extends the legal protection mechanisms available to natural and legal EU persons (Article 8h(1) of Regulation 765/2006).

Conclusion

The primary focus of the 21st sanctions package lies on the financial and crypto-asset sectors. At the same time, the EU has further expanded existing trade restrictions, closed additional loopholes in the energy sector, and systematically strengthened the legal position of European companies against abusive assertions of Russian jurisdiction. EU operators should promptly review their contractual relationships, financing arrangements and supply chains, particularly in light of the new import and export restrictions and the expanded banking-related sanctions lists.

***

BLOMSTEIN will closely monitor further developments and keep you informed. If you have any questions on EU sanctions, Roland Stein, Florian Wolf and Tobias Ackermann as well as the entire team are ready to assist you.

BLOMSTEIN | We provide legal support to our international client base on competition, international trade, public procurement, State aid and ESG in Germany, Europe, and – through our global network – worldwide.