

## Update to Customer Advisory issued on 25<sup>th</sup> February 2022

### Re: Increasing sanctions on Russia in relation to developing situation in Ukraine

Date: 1 March 2022

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The purpose of this advisory is to update our customers regarding the sanctions-related developments related to the Russian invasion of Ukraine.

#### United States (US)

The White House announced on 27<sup>th</sup> February 2022, that they will introduce three additional restrictive economic measures on Russia shortly<sup>1</sup>. These three measures will include:

- Disconnecting sanctioned Russian banks from the SWIFT (Society for Worldwide Interbank Financial Telecommunication) international payments network;
- Undermining the Central Bank of the Russian Federation (CBR) ability to defend the ruble; and
- Launching a multilateral transatlantic task force to identify and freeze the assets of sanctioned Russian companies and oligarchs.

Further, the Department of the Treasury's Office of Foreign Assets Control (OFAC) is adding regulations to implement an April 15, 2021 Executive Order related to specified harmful foreign activities of the Government of the Russian Federation.<sup>2</sup>

#### United Kingdom (UK)

In concert with the US and the EU, the UK government has also announced its intention to take further restrictive economic measures in response to the Russian invasion of Ukraine by targeting the CBR<sup>3</sup>. According to the UK Government, these are the strongest economic measures the UK has ever enacted against Russia. The new sanctions measures include, among others:

- Restrictions to prohibit UK persons from undertaking financial transactions involving the CBR, the Russian National Wealth Fund, and the Russian Ministry of Finance;
- Restrictions against Russian financial institutions;
- Measures to prevent Russian companies from issuing securities and money market instruments in the UK, in addition to the prohibition on the Russian state raising sovereign debt in the UK;
- Preventing designated banks from accessing sterling and clearing payments through the UK; and
- Significantly strengthening the trade restrictions against Russia, including a prohibition against the export of a range of high-end and critical technical equipment and components in sectors including electronics, telecommunications, and aerospace.

The UK has imposed a full asset freeze on three Russian financial institutions: VEB.RF, Bank Otkritie Financial Corporation PJSC and SovComBank.<sup>4</sup> Effective 1 March 2022<sup>5</sup>, OFSI has issued General Licences related to a 7-day wind down period in respect of sovereign debt, loans and money market instruments; a 30-day wind down period in respect of the clearing and correspondent banking prohibitions; and a wind down period until 24 June in respect of the clearing and correspondent banking prohibition where the payments relate to Relevant Energy Products.

Transport Secretary Grant Shapps said in a letter to all UK ports Russian vessels were no longer allowed to enter UK ports and any vessel thought to be owned, controlled, chartered or operated by any person

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<sup>1</sup> <https://www.whitehouse.gov/briefing-room/press-briefings/2022/02/27/background-press-call-by-a-senior-administration-official-on-imposing-additional-severe-costs-on-russia/>

<sup>2</sup> <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20220228-33>

<sup>3</sup> <https://www.gov.uk/government/news/uk-statement-on-further-economic-sanctions-targeted-at-the-central-bank-of-the-russian-federation>

<sup>4</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1057799/Notice\\_Russia\\_280222.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1057799/Notice_Russia_280222.pdf)

<sup>5</sup> <https://www.gov.uk/government/collections/ofsi-general-licences>

connected with Russia should be barred. Any vessel operated by a "designated person" or any vessel flying the Russian flag or registered in Russia must also be blocked.<sup>6</sup>

## European Union (EU)

The EU has passed a raft of new measures which include the following:

- Sanctioning/designating Russian President Putin and Foreign Minister Lavrov as well as members of the Russian Security Council who supported the recognition of the so-called Donetsk People's Republic (DNR) and Luhansk People's Republic (LNR); those said to have facilitated the Russian military aggression from Belarus; and members of the State Duma who ratified the decrees between Russia and the DNR/LNR;
- Suspending its visa facilitation process allowing for privileged access to the EU for Russian diplomats, other officials and businesspeople;
- Further restricting the export of controlled dual-use items to Russia, as well as exports of other items. The updated sanctions regime removes the "military use or end-user" qualifier, and instead imposes a blanket ban on the supply of dual-use items to any Russian person or for use in Russia. The sanctions also include standard prohibitions on providing technical assistance, brokering and other services related to dual-use items, and on providing related financing or financial assistance.<sup>7</sup>

In terms of financial restrictions, the new EU regulations:

- Expand existing financial restrictions, particularly those on access by certain Russian entities to capital markets;
- Prohibit the listing and provision of services in relation to shares of Russian state-owned entities on EU trading venues;
- Prohibit the acceptance of any deposits from Russian nationals and residents or entities established in Russia, if the total value of deposits exceeds €100,000;
- Prohibit the provision of services by EU central securities depositories (CSDs) and the sale of euro-denominated securities to Russian people/entities;
- Prohibit any transactions with the Central Bank of Russia;
- Prohibit any aircraft operated by Russian air carriers, any Russian registered aircraft, or any non-Russian-registered aircraft which is owned or chartered, or otherwise controlled by any Russian person/entity, to land in, take off from, or overfly EU territory.<sup>8</sup>

The EU has amended the designation criteria for inclusion on the EU's Russia sanctions list to include:

- People/entities supporting, materially or financially, or benefitting from the Government of the Russian Federation; and
- Leading businesspersons or entities involved in economic sectors providing a substantial source of revenue to the Government of the Russian Federation.

The EU is also imposing new sanctions on Belarus helping the Russian invasion of Ukraine, hitting exports, oligarchs, central bank and cutting Belarusian banks off from SWIFT.<sup>9</sup>

## Switzerland

Breaking from its long-held tradition of neutrality, the Swiss Government took the decision on 28 February to adopt the packages of sanctions imposed by the EU on 23 and 25 February. The assets of the designated individuals and companies have been frozen with immediate effect; the financial sanctions against Russian President Vladimir Putin, Prime Minister Mikhail Mishustin and Foreign Minister Sergey Lavrov have also been implemented with immediate effect.

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<sup>6</sup> <https://www.reuters.com/world/uk/uk-bans-russian-ships-docking-its-ports-2022-02-28/>

<sup>7</sup> <https://sanctionsnews.bakermckenzie.com/eu-agrees-on-second-wave-of-significant-sanctions-against-russia/>

<sup>8</sup> <https://www.europeansanctions.com/2022/02/eu-imposes-russia-sanctions/>

<sup>9</sup> <https://www.reuters.com/world/eu-impose-new-sanctions-belarus-this-week-eu-official-2022-02-28/>

Further, the Swiss Government has decided to partially suspend the 2009 agreement on visa facilitation for Russian nationals. The Federal Council has also decided to impose entry bans against a number of individuals who have a connection to Switzerland and are close to the Russian president.

In addition, Swiss airspace have been closed to all flights from Russia and to all movements of aircraft with Russian markings from 3pm on Monday with the exception of flights for humanitarian, medical or diplomatic purposes.

The Swiss government last week amended its watchlist to include 363 individuals and four companies that the EU had put on its sanctions list to punish Moscow.<sup>10</sup>

## Australia

The Australian Government imposed targeted financial sanctions and travel bans on the Russian President and remaining permanent members of Russia's Security Council: Foreign Minister Sergei Lavrov, Defence Minister Sergey Shoigu, Prime Minister Mikhail Mishustin, and Internal Affairs Minister Vladimir Kolokoltsev.

The Australian Government strongly supports the announcements by the European Commission, France, Germany, Italy, the United Kingdom, Canada, and the United States on further restrictive economic measures against key Russian banks, institutions and individuals:

- removal of selected Russian banks from the SWIFT global payments messaging system
- restrictive measures to prevent the Russian Central Bank from using its international reserves in a way that undermines sanctions
- limiting so-called golden passports for wealthy Russians connected to the Russian government
- a trans-Atlantic task force to identify and freeze the assets of sanctioned individuals and companies that exist within their jurisdictions.<sup>11</sup>

## Canada

On 24<sup>th</sup> February 2022 the Canadian Government published amendments to the *Special Economic Measures (Russia) Regulations* and *Special Economic Measures (Ukraine) Regulations* (the "Amended Regulations"). The Amended Regulations impose new sanctions measures against Russia and the areas controlled by the so-called Donetsk People's Republic ("DPR") and Luhansk People's Republic ("LPR")<sup>12</sup>. The updated list of sanctions can be viewed here<sup>13</sup>.

## Japan

The Government of Japan took the following measures in response to the launch of military actions by Russia in Ukraine:

- Suspending the issuance of entry visas to Japan for designated individuals related to Russia and freeze the assets held by designated individuals and entities related to Russia in Japan.
- Freezing the assets of three Russian banks (VEB.RF, Promsvyazbank, Bank Rossiya) in Japan.
- Imposing sanctions on exports to Russian military-related entities, on exports of controlled items listed on the internationally agreed list and of other dual-use goods such as semiconductors.<sup>14</sup>

## Singapore

Foreign Minister Vivian Balakrishnan told parliament that Singapore will impose "appropriate sanctions and restrictions" on Russia, including export controls on items that could be used as weapons against the people

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<sup>10</sup> <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-87386.html>

<sup>11</sup> <https://www.pm.gov.au/media/economic-measures-against-russia-and-lethal-military-equipment-ukraine>

<sup>12</sup> <https://sanctionsnews.bakermckenzie.com/canada-imposes-additional-sanctions-on-russia-ends-issuance-of-permits-for-export-and-brokering-of-controlled-goods-and-technology/>

<sup>13</sup> [https://www.international.gc.ca/world-monde/international\\_relations-relations\\_internationales/sanctions/current-actuelles.aspx?lang=eng](https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/current-actuelles.aspx?lang=eng)

<sup>14</sup> [https://www.mofa.go.jp/press/release/press6e\\_000371.html](https://www.mofa.go.jp/press/release/press6e_000371.html)

of Ukraine to inflict harm or to subjugate the Ukrainians.<sup>15</sup> Singapore will also block certain Russian banks and financial transactions connected to Russia. Specific measures will be announced shortly.

### **What does this mean for our customers?**

We have been working hard to identify the transactions directly affected by the latest global sanctions regulations. We have updated our sanctions compliance systems to be able to flag the sanctioned entities and individuals as well as their associates. We recommend that customers with dealings involving Russia and the Covered Regions carefully review the communications from the relevant regulators for further guidance in order to minimize any risks to their commercial operations.

We are closely monitoring the fast-evolving global regulatory landscape involving Russia with the help of our maritime compliance specialists at [MCaaS](#) who have been busy researching the networks of the entities/individuals/vessels and will provide an update as the situation develops. For any inquiries, regarding your transactions with MarTrust in the context of this Advisory please email us at [compliance@martrust.com](mailto:compliance@martrust.com). For any specific inquiries regarding the latest developments, please contact your in-house Legal Department and/or seek professional legal advice.

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<sup>15</sup> <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2022/02/20220228-Ministerial-Statement>