

Summary of EU Sanctions Targeting Russia

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Since Russia's recognition of the non-government-controlled areas of Donetsk and Luhansk, and the subsequent invasion of Ukraine, the EU has enacted additional restrictive measures to be added to those already-existing restrictions targeting Russia.

The EU has issued five packages of sanctions or restrictive measures on February 23, 25, 28, March 2, and March 9, respectively. The March 9 package also includes additional sanctions on Belarusian entities, specifically adding three banks to the SWIFT restrictions on Russian financial institutions.

FIRST PACKAGE IMPOSING ADDITIONAL TRANSFERABLE SECURITIES AND MONEY-MARKET INSTRUMENTS RESTRICTIONS AND PROHIBITING NEW LOANS OR CREDITS

On February 23, 2022, the EU enacted the following measures, prohibiting, in particular:

- **Sectoral prohibitions regarding the financing of Russia.** The following transactions with Russia and its government, the Central Bank of Russia, or any entity acting on behalf of or at the direction of the Central Bank of Russia:
 - to purchase, sell, provide investment service for or assistance in the issuance of, or otherwise deal with transferable securities and money-market instruments issued after March 9, 2022; and
 - to directly or indirectly make or be part of any arrangement to make any new loans or credit to Russia, the government, the Central Bank, or persons acting at the Central Bank's direction. Note that drawdowns or disbursements made under a contract concluded before February 2022 are allowed if all conditions are met.
- **Measures relating to Donetsk and Luhansk.** Such measures include:
 - an import ban on goods from these regions;

- a prohibition on certain investments in the regions;
- an export ban for goods and technologies suited to the transport, telecommunications, energy and oil, gas, and mineral sectors;
- a ban on the provision of technical assistance, brokering, construction, or engineering services to infrastructure in the regions and within the aforementioned sectors; and
- a prohibition to supply tourism services.
- **Blocking designations.** Blocked designations comprise 22 people, including members of the government, senior military personnel, people working for “pro-Russian” media, and businesspeople, as well as 336 members of the Russian State Duma, in addition to the following four entities:
 - **Internet Research Agency, Bank Rossiya, Promsvyazbank, and RF.** For these three designated banks (Bank Rossiya, Promsvyazbank, and VEB.RF), member states may authorize the unblocking of funds or economic resources or making available of certain funds, when necessary, for the termination by August 24, 2022 of operations, contracts, or other agreements, including corresponding banking relations that were in place before February 23, 2022.

SECOND PACKAGE OF RESTRICTIVE MEASURES IMPOSING ADDITIONAL SANCTIONS

On February 25, the EU adopted the following additional restrictions:

- **Financial restrictions.**
 - Extended financial restrictions on the access of certain Russian entities to capital markets. In particular, four additional banks (Alfa Bank, Bank Otkritie, Bank Rossiya, and Promsvyazbank) and eight corporations (Almaz-Antey, Kamaz, Novorossiysk Commercial Sea Port, Rostec, Russian Railways, Sevmash, Sovcomflot, and United Shipbuilding Corporation) are now subject to the EU capital market sanctions.
 - Prohibited provision of services in relation to shares of Russian state-owned entities on Union trading venues. In addition, EU central securities depositories may no longer provide services for transferable securities issued after April 12, 2022, to any Russian persons, and no euro-denominated transferable securities issued after April 12, 2022 can be sold to Russian persons or entities, again subject to certain exceptions.
 - Prohibited the acceptance of deposits exceeding 100,000 Eur from Russian nationals or residents, the holding of accounts of Russian clients by Union central securities depositories, and the selling of euro-denominated securities to Russian clients;
- **Export ban.** This ban further restricts transactions relating to:
 - goods and technology suited for use in oil refining, together with restrictions on the provision of related services;
 - goods and technology suited for use in the aviation and space industry;
 - dual-use goods and technology listed in Annex I to Regulation (EU) 2021/821; and
 - goods and technology that might contribute to Russia’s military and technological enhancement, or the development of the defense and security sector.

The ban includes the provision of related services, such as technical assistance, brokering and financing, and certain sector-related activities.

- **Amended blocking designations criteria.** Based on the amended EU designation criteria, the EU can now designate:

- persons 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 for Russia.
- **Blocking designations and visa restrictions.**

The EU, in line with other countries such as the United States and the UK, designated Putin, his Foreign Minister, and other high-ranking officials. These designations subject them to asset freezes. The EU has also suspended its visa facilitation process allowing for privileged access to the EU for Russian diplomats, other officials, and businesspeople.

THIRD PACKAGE OF RESTRICTIVE MEASURES IMPOSING ADDITIONAL SANCTIONS

On February 28, the EU issued additional sanctions relating to finance and aviation. In particular, the EU imposed:

- **Additional financial restrictions.** These restrictions consist of a prohibition of all transactions related to the management of reserves as well as of assets of the Central Bank of Russia, including transactions with any legal person, entity, or body acting on behalf of, or at the direction of, the Central Bank of Russia.
- **Ban on Russian aircraft.** Member states are required to deny permission to land in, take off from, or overfly their territories to any aircraft operated by Russian air carriers, including as a marketing carrier, to any Russian-registered aircraft, and to non-Russian-registered aircraft that are owned or chartered, or otherwise controlled, by a Russian legal or natural person.
- **Additional blocking sanctions.** **Gas industry insurance company SOGAZ** was added to Annex I to Regulation (EU) No 269/2014, along with 26 other individuals close to Putin, members of the Russian media, or members of the Russian military.

FOURTH PACKAGE OF RESTRICTIVE MEASURES IMPOSING ADDITIONAL SANCTIONS

On March 2, the EU announced additional measures imposing restrictions on SWIFT services and broadcasting companies.

- **SWIFT Restrictions.** As of March 12, the provision of SWIFT services is prohibited to the following banks or any entity established in Russia and owned directly or indirectly 50% or more by:
 - Bank Otkritie
 - Novikombank
 - Promsvyazbank
 - Bank Rossiya
 - Sovcombank
 - VNESHECONOMBANK (VEB); and
 - VTB BANK.

These restrictions, in practice, are some of the most impactful restrictions imposed so far, as they directly impact the ability of these Russian banks to conduct international trade. While Russia has created a national Russian version of SWIFT (SPFS), and internal transfers may not be affected, the international payment system will be.

- **Additional financial restrictions.** Additional financial restrictions were also imposed, such as prohibiting the sale, supply, transfer, or export of euro banknotes to Russia or to any person in Russia (including the Russian government), or for use in Russia. The EU also issued some exceptions for personal use and diplomatic missions. In addition, the EU has prohibited the investment, participation, or contribution to projects co-financed by the RDIF (Russian Direct Investment Fund), for contracts concluded after March 2, 2022.
- **Restrictions on state-owned media outlets.** The EU prohibits operators from broadcasting, enabling, or facilitating the broadcast of the following media outlets and prohibits any broadcasting license or authorization and distribution agreement with these entities: RT – Russia Today English; RT– Russia Today UK; RT – Russia Today Germany; RT – Russia Today France; RT – Russia Today Spanish; and Sputnik.

Fifth Package of restrictive measures sanctioning Russian oligarchs and imposing measures on Belarus

On March 9, the EU announced additional measures imposing restrictions on Belarusian entities and financial inflows, and certain Russian persons and maritime exports. In particular, those restrictions are as follows:

- **Designation of 160 individuals,** including 146 members of the Russian Federation Council, the entity who ratified the Treaties of friendship, cooperation, and mutual assistance with the independentist regions of Donetsk and Luhansk. 14 new Russian oligarchs have also been added to this list.
- **Maritime navigation and radio communication technology.** The EU prohibited to sell, supply, transfer, export, or provide technical, brokering, or financial assistance in relation to certain type of navigation goods and technology.
- **Measures targeting Belarus.** These measures include prohibitions that are similar to some financial restrictions already imposed on Russia, such as (i) the prohibition on transactions with the Central Bank of Belarus, (ii) the sale, supply, transfer, or export of euro-denominated banknotes to or for use in Belarus (including the Government and Central Bank), (iii) to list and provide services on trading venues registered or recognized in the Union for the transferable securities (after April 12), (iv) public financing, financial assistance or investment in Belarus, (v) accepting deposits from Belarusian nationals, residents or entities in excess of 100,000 euros, etc.
- **A SWIFT ban for three Belarusian banks:** Belagroprombank, Bank Dabrabyt, and Development Bank of the Republic of Belarus, and any entity or body established in Belarus whose proprietary rights are directly or indirectly owned for more than 50 % by these banks.

We also note that on March 4, the EU launched an EU sanctions whistleblower tool to facilitate the report of potential sanctions violations. Although it is still for member states to conduct the official investigations, this tool reflects the commitment of the EU commission towards enforcement of EU restrictive measures.

Winston & Strawn will continue to monitor developments. For further information, please contact the authors or your Winston relationship attorney.

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