

CLIENT ALERT

In a Parallel Rollout, the US, EU, and UK Sanction Major Russian Financial Institutions and Russian Sovereign Debt and Take Additional Measures

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In close coordination, the US, EU, and UK continue to announce new sanctions targeting Russian interests in response to President Putin's actions in Ukraine.

Our prior client alerts, available [here](#) and [here](#), detailed the US and UK governments' "first tranche" of sanctions, consisting of sanctions on major Russian financial institutions and individuals and entities with close ties to President Putin, as well as restrictions on dealing in Russian sovereign debt. The EU also announced its own package of sanctions. This alert provides a high-level comparison of the sanctions measures taken by the US, EU and UK.

Latest Developments



The US has issued a significant package of sanctions over the past week: the designation of a number of Russian banks, expanded prohibitions on dealing in Russian sovereign debt, including on the secondary market, prohibitions on certain transactions related to new debt and equity of specified Russian entities, prohibitions on US financial institutions from

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opening or maintaining any correspondent or payable-through accounts for or on behalf of Sberbank, and the designation of a number of individuals and entities with close ties to President Putin, as well as the designation of President Putin himself and other senior Russian officials. The US also announced sanctions that broadly prohibit US persons from transacting with Russia's Central Bank, National Wealth Fund, and Ministry of Finance. The US also announced that it has reached agreement with the UK and EU to disconnect sanctioned Russian banks from Swift, with further details to be announced.

In addition, the US announced export control regulations that impose new licensing requirements on certain specified "dual-use" items, including certain telecommunications and other high tech goods, software, and technology.



The UK has taken a range of restrictive measures, including, financial sanctions, export controls and further designations of individuals. On 1 March 2022, the UK brought into force legislation which:

- prevents dealing with transferable securities and money market instruments issued on or after 1 March 2022 by the Government of Russia, a UK subsidiary of certain Russian banks or a "*person connected with Russia*" as defined in the Regulations.
- prohibits financial institutions in the UK from establishing or continuing a correspondent banking relationship or from processing sterling payments to, from or via i) a designated person or ii) a credit or financial institution owned or controlled by them. This matches the prohibition in the US.
- expands the trade restrictions applicable to Russia, to include a range of further products and technology including certain electronics, computers and computer processing equipment, telecommunications, information security, sensors and lasers, navigation and avionics, marine, diesel engines and certain other categories of goods, technology, software and related services.

The UK has pledged, alongside the US and the EU, to remove Russian banks from Swift, which would severely cut off Russia's access to the global financial system.

Furthermore, the UK has announced that, before the Easter recess of parliament on 31 March 2022, it will bring forward legislation that was intended for the Economic Crime Bill to strengthen unexplained wealth orders to take action against "*kleptocrats*" laundering funds in the UK.

The UK stated that it will impose further sanctions against Belarus for its role in the conflict.

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On 28 February 2022, the EU imposed further restrictive measures on Russia prohibiting Russian air carriers and any Russian-registered aircraft, and any non-Russian-registered aircraft which is owned or chartered, or otherwise controlled by, any Russian natural or legal person, entity or body from landing in or taking off from the territory of or flying over the airspace of, member states of the EU.

The EU has also suspended the application of some provisions of the Agreement between the European Community and the Russian Federation on the facilitation of the issuance of visas to the citizens of the European Union and the Russian Federation.

On 25 February 2022, the EU imposed further restrictions on exports of dual-use goods and technology, as well as restrictions on exports of certain goods and technology which might contribute to Russia's technological enhancement of its defence and security sector.

The EU has also increased the scope of its existing financial restrictions, including:



- cutting Russian access to the most important capital markets;
- prohibiting the listing and provision of services in relation to shares of Russian state-owned entities on EU trading venues; and
- introducing new measures which significantly limit the flow of money from Russia to the EU, by prohibiting the acceptance of deposits exceeding certain values from Russian nationals or residents, the holding of accounts of Russian clients by the EU Central Securities Depositories, as well as the selling of euro-denominated securities to Russian clients.

The EU has also agreed to disconnect Russian banks from Swift.






The EU has also stated that it is looking at imposing further sanctions against Belarus which it states has “*aided and supported Russian actions.*”

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Review of Measures to Date

Action	Response
UPDATED AS OF 1 March 2022	
<p>New Designations of Individuals with Close Ties to President Putin</p>	<p> 22 February 2022: The US designated five “Kremlin-connected elites”, including Aleksandr Bortnikov, the Director of the Federal Security Service and his son Denis Bortnikov, a Deputy President of VTB Bank and a Chairman of the VTB Bank Management Board; Petr Fradkov, the Chairman and CEO of Promsvyazbank; Sergei Kiriyenko, the First Deputy Chief of Staff of the Presidential Office and his son Vladimir Kiriyenko, the CEO of VK Group.</p> <ul style="list-style-type: none"> ▪ 23 February 2022: The US designated Matthias Warnig, the CEO of Nord Stream 2. ▪ 24 February 2022: The US announced another round of designations targeting 10 individuals determined to be a member of President Putin’s inner circle or one of their family member. ▪ 25 February 2022: The US designated President Vladimir Putin, Sergei Lavrov, and two other senior officials.
	<p> 10 February 2022: The UK made the Russia (Sanctions) (EU Exit) (Amendment) Regulations 2022 (“Amendment Regulations”) which primarily amend Regulation 6 (<i>Designation Criteria</i>) of the Russia (Sanctions) (EU Exit) Regulations 2019 (“Russia Regulations”). The newly amended designation criteria now includes the ability for the UK government to designate a person or entity which has been “<i>involved in obtaining a benefit from or supporting the Government of Russia.</i>”</p> <ul style="list-style-type: none"> ▪ 22 February 2022: The UK designated three individuals, Gennady Timchenko, Boris Rotenberg and Igor Rotenberg, each viewed as having close ties to Putin. ▪ 24 February 2022: The UK designated a further five individuals, including Putin’s ex-son-in-law Kirill Shamalov. ▪ 25 February 2022: The UK sanctioned President Vladimir Putin and Minister of Foreign Affairs of the Russian Federation Sergei Lavrov. ▪ 1 March 2022: The UK sanctioned four individuals connected with Belarus’ Ministry of Defence, the Russian Direct Investment Fund and its CEO Kirill Alexandrovich Dmitriev.





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	<p> 23 February 2022: The EU agreed to sanction a further 22 individuals and four entities accused of destabilising Ukraine, waging disinformation campaigns and providing financial support to the two separatist regions.</p> <ul style="list-style-type: none"> ▪ 25 February 2022: The EU amended the criteria of designation to include persons and entities supporting and benefitting from the Government of the Russian Federation as well as persons and entities providing a substantial source of revenue to it, and natural or legal persons associated with listed persons or entities. The EU also sanctioned 98 individuals, including members of the National Security Council who supported Russia’s immediate recognition of the two self-proclaimed republics Donetsk and Luhansk, individuals who facilitated Russian military aggression from Belarus, as well as members of the State Duma not yet included in this list. Vladimir Putin, President of the Russian Federation and Sergei Lavrov, Minister of Foreign Affairs of the Russian Federation, were also sanctioned. ▪ 28 February 2022: The EU sanctioned a further 26 individuals and one entity for their support of President Putin and their role with respect to the situation in Ukraine.
Designation of Members of the Russian Duma and Federation Council	<p> Further additions to US sanctions are not imminent but dependent on the evolving political situation in Ukraine.</p>
	<p> 22 February 2022: The UK stated that it intends to designate the 351 members of the Russian legislature who voted for the recognition of the breakaway republics in the Donetsk and Luhansk regions.</p>
	<p> 23 February 2022: The EU sanctioned 336 members of the State Duma who were added to the list of persons, entities and bodies subject to restrictive measures as set out in Annex I to Regulation (EU) No 269/2014 for voting in favour of recognising the breakaway republics in the Donetsk and Luhansk regions.</p> <ul style="list-style-type: none"> ▪ 25 February 2022: The EU sanctioned a further 72 members of the State Duma. As a result, the total number rose to 408.
Designation of Russian Banks	<p> 22 February 2022: The US designated Corporation Bank for Development and Foreign Economic Affairs Vnesheconombank (“VEB”) and Promsvyazbank Public Joint Stock Company (“PSB”) and 42 of their subsidiaries and five vessels.</p>






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	<ul style="list-style-type: none"> 25 February 2022: The US designated VTB Bank, PJSC Bank Financial Corporation Otkritie (“Otkritie”), OJSC Sovcombank (“Sovcombank”), JSC Bank Novikom, and a number of subsidiaries, including subsidiaries outside of Russia, and some which operate in various other sectors.  22 February 2022: The UK designated Bank Rossiya, the Black Sea Bank for Development and Reconstruction, IS Bank, Genbank and Promsvyazbank. With the exception of Promsvyazbank, these were all already designated by the US. The US has now also designated Promsvyazbank. 24 February 2022: The UK designated VTB Bank and announced an asset freeze on all major Russian banks. 25 February 2022: The UK issued General Licence INT/2022/1272278 to enable UK persons to wind down transactions with VTB Bank. 28 February 2022: The UK designated VEB.RF, Bank Otkritie Financial Corporation PJSC and PJSC Sovcombank. 1 March 2022: The UK issued two General Licences INT/2022/1280876 and INT/2022/1280976 in relation to VTB Capital to i) allow VTB Capital and its UK subsidiaries to make payments, including for basic needs, reasonable fees or service charges from maintaining frozen funds and ii) to allow relevant financial authorities to do anything with regard to VTB Capital and its UK subsidiaries related to prudential supervision, or protecting, maintaining or enhancing the financial stability of the UK.  23 February 2022: The following three banks were added to the list set out in Annex I to Regulation (EU) No 269/2014: Bank Rossiya, Vnesheconombank and Promsvyazbank Public Joint Stock Company.
Territorial Sanctions on the Donetsk and Luhansk Regions	<ul style="list-style-type: none">  21 February 2022: The US imposed comprehensive sanctions on the so-called Donetsk and Luhansk People’s Republics regions of Ukraine. The sanctions closely mirror the comprehensive sanctions imposed on the Crimea region of Ukraine in 2014 and prohibits US persons from engaging in, or facilitating, new investment in, imports from, and exports of goods, services, and technology to the DNR and LNR. 23 March 2022: US sanctions authorise the winding down of transactions involving the Donetsk and Luhansk regions up to 12:01am EST on 23 March 2022. They do not allow for winding

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	<p>down of transactions involving individuals or entities that are directly targeted, i.e. specific SDNs.</p>
	<p>22 February 2022: The UK stated that it will impose the territorial sanctions that currently apply to Crimea to the Donetsk and Luhansk regions in the coming weeks. The UK's existing sanctions on Crimea broadly prohibit investments into and participation in businesses located in Crimea, imports from Crimea, and the export of infrastructure-related goods and related services such as financial services, covering the transport, telecoms, energy and oil, gas and mineral sectors.</p>
	<p>23 February 2022: The EU banned trade with the Donetsk and Luhansk regions (with some exceptions for the execution of contracts signed before this date). The restrictions prevent:</p> <ul style="list-style-type: none">○ the import or provision of financial assistance or insurance and reinsurance related to the import into the European Union of goods originating in the Donetsk and Luhansk regions;○ the creation of any JV or investments located in the Donetsk and Luhansk regions;○ the transfer, supply, and provision of technical assistance and brokering services or financial assistance related to goods and technologies listed in the Regulations; and○ the provision of tourism services in the Donetsk and Luhansk regions.
Access to capital markets	<p> 1 March 2022: The US has expanded prohibitions on dealing in Russian sovereign debt on the primary market, to participation in the secondary market. Directive 1A to Executive Order 14024 prohibits US financial institutions from participation in the secondary market for ruble or non-ruble-denominated bonds issued after 1 March 2022 by the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation.</p>
	<p> 24 February 2022: The UK announced that it will bring forward legislation on 1 March 2022 which would prevent Russia from issuing sovereign debt in UK markets and prevent Russian state and private companies from raising funds in UK markets.</p>

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	<ul style="list-style-type: none">  1 March 2022: The UK brought into force the Russia (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2022. These expand the restrictions on dealing with certain transferable securities and money market instruments and the provision of loan and credit arrangements to UK subsidiaries of certain Russian banks.  23 February 2022: The EU has limited the Russian government's access to the EU's capital and financial services markets and blocked the refinancing of Russian sovereign debt. The EU has prohibited EU individuals and entities from directly or indirectly financially supporting Russia and its Government.
Central Bank Restrictions	<ul style="list-style-type: none">  28 February 2022: The US issued Directive 4 to Executive Order 14024, prohibiting US persons from engaging in any transaction involving the Russian Central Bank, the National Wealth Fund, and the Ministry of Finance, including any transfer of assets to such entities or any foreign exchange transaction for or on behalf of such entities.  28 February 2022: The UK announced that it will take a range of restrictive measures, including restrictive measures against Russia's Central Bank (CBR), and will immediately take "<i>all necessary steps</i>" to prevent UK persons from entering into transactions involving the CBR, the Russian National Wealth Fund and the Ministry of Finance of the Russian Federation.  25 February 2022: The EU prohibited any transaction with the Central Bank of Russia and any legal person, entity or body acting in behalf of the Bank.

More information on sanctions and Willkie's capabilities can be found [here](#) on the Willkie Compliance Concourse.

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