



## **Further Sanctions Targeting Russia and Belarus**

**12 March 2022**

### **Introduction**

As the Russia-Ukrainian crisis and Moscow's invasion of Ukraine continues, the European Union and its allies keep up economic pressure on Russia with new sanctions. New sanctions are also targeting the Belarusian economy.

### **Additional Sanctions, Russia**

On 01 March, the following new sanctions were imposed on Russia, entering into force the following day.<sup>1</sup>

- Prohibition to broadcast or in any way enable broadcasting of any content from RT- Russia Today English, - UK, - Germany, - France, - Spanish, and

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<sup>1</sup> Council Regulation (EU) 2022/350 of 1 March 2022

Sputnik and any existing broadcasting licenses with those entities shall be terminated.

- Prohibition on supply, transfer, sale, or export of euro-denominated banknotes (Euros) to Russia or any legal entity or for use in Russia.
- A prohibition against investing or otherwise participating and/or contributing to projects co-financed by the Russian Direct Investment Fund.
- As of 12 March 2022, a prohibition against providing specialised financial messaging services, which are used to exchange financial data (SWIFT), to Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, VNESHECONOMBANK (VEB), VTB BANK, along with any entity in which the above ultimately holds more than 50% ownership.

On 09 March, further sanctions on exports to Russia were adopted, entering into force the following day.<sup>2</sup>

- A prohibition against exporting and/or supplying directly or indirectly maritime navigation goods and technology<sup>3</sup> to any natural or legal person in Russia, for use in Russia or for placing on board of vessels under the Russian flag.
- An additional 160 persons have been added to the EU-sanction list, including 14 oligarchs and prominent businesspersons, such as Chelsea owner Roman Abramovich.
- Expansion of the list of legal entities, to which provision of financial services are restricted.
- Specification that sanctions also applies to crypto valuta.

### **New Sanctions, Belarus**

On 02 March 2022, the EU-Council adopted a new regulation imposing sanctions on Belarus, entering into force the following day.<sup>4</sup>

- The sanctions cover:

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<sup>2</sup> Council Regulation (EU) 2022/394 of 9 March 2022

<sup>3</sup> Maritime navigation goods and technology are further specified in Annex XVI

<sup>4</sup> Council Regulation (EU) 2022/355 of 2 March 2022

A prohibition against the selling/transfer of Dual-use goods and technologies, goods and technologies which might contribute to Belarus's military and technological enhancement of its defence and security sector, tobacco products and a wide range of machinery<sup>5</sup>, alongside a prohibition on importing specific wood products from Belarus, cement products, iron and steel products, and rubber products.

09 March 2022 further restrictions targeting Belarus' financial sector were adopted, entering into force the following day.<sup>6</sup>

- Listing and provision of services in relation to shares of Belarusian state-owned entities are prohibited on Union trading venues.
- A prohibition to accept deposits from Belarusian nationals or residents exceeding 100.000 Euros.
- A prohibition on the holding of accounts of Belarusian clients by the Union central securities depositories as well as the selling of euro-denominated securities to Belarusian clients.
- Further prohibition on transactions related to the management of reserves as well as of assets of the Central Bank of Belarus, including transactions with any legal person, entity or body acting on behalf of, or at the direction of, the Central Bank of Belarus.
- Prohibition against providing public financing or financial assistance for trade with or investment in Belarus.
- Prohibition against sale, supply, transfer, or export of euro-denominated banknotes (Euros) to Belarus or to any natural or legal person, entity, or body in Belarus.
- The sale of euro-denominated transferable securities (e.g., Company shares) issued after 12 April 2022 to Belarusian natural persons and entities are restricted.
- As from 20 March 2022 it is prohibited to provide specialised financial messaging services, which are used to exchange financial data (SWIFT) to three Belarusian banks along with any entity in which the banks

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<sup>5</sup> See Annex XIV to the regulation.

<sup>6</sup> Council Regulation (EU) 2022/398 of 9 March 2022

ultimately hold more than 50% ownership. The affected banks are Belagroprombank, Bank Dabrabyt, Development Bank of the Republic of Belarus.

### **How to stand on the Sanctions?**

Entities should continue to monitor their business activities and clarify any holdings or relations to Russian and Belarusian individuals and entities. Any such relations should continuously be screened against present sanctions regarding import/exports and financial services and those targeting specific entities and natural persons, as we have seen that the imposed sanctions are expanding in scope and coverage from day to day.

Especially attention should be on corporate structures and ultimate ownership of the entities one is doing business with KYC – Know Your Client – is now ever more important, and potentially difficult, when dealing with entities connected to Russia or Belarus.

Entities should additionally make sure that any subsidiaries, holdings, or assets have implemented policies securing compliance with the sanctions at company level. This applies both to companies, subsidiaries and portfolio companies.

Entities should expect and prepare for that other Russian and Belarusian entities can be added to the different sanctions and removal from SWIFT.

### **Consequences of not adhering to the Sanctions.**

Under Danish jurisdiction, it is a criminal offence under the Penal Code section 110, littera c, to infringe sanctions imposed by the European Union. Penalties range from fines and confiscation of any gains from the unlawful actions to 4 years imprisonment for natural persons bearing (some) responsibility.

Directors and board members (individuals in control) of an entity risk facing criminal charges if the sanctions are infringed. The appropriate policies should be implemented and enforced,- to make sure that no director or board member passively accepts entities infringement of the sanctions, thereby constituting a potential criminal action by the controlling natural persons.

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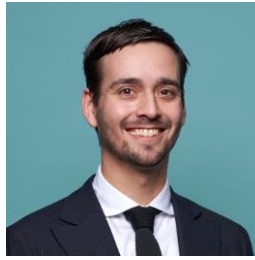
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