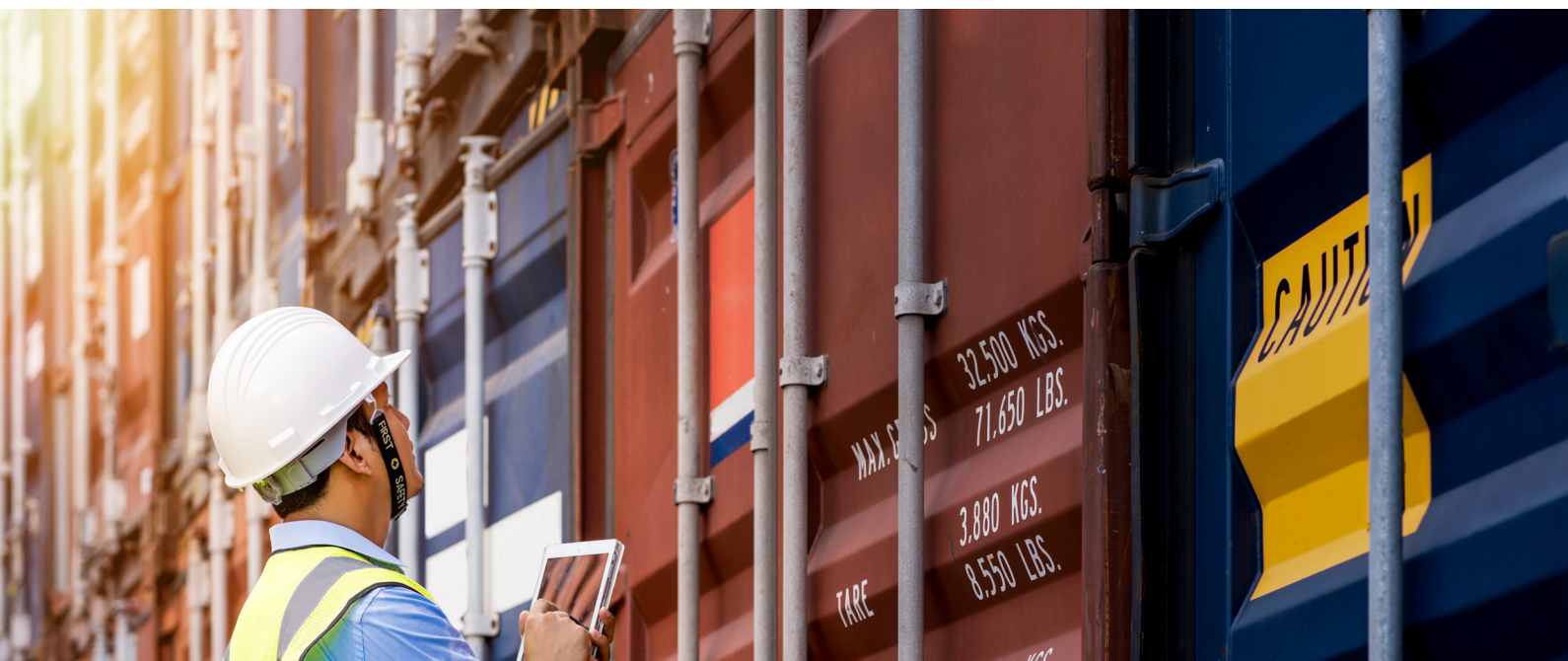


VAN BAEL & BELLIS



SWITZERLAND IMPOSES SANCTIONS TARGETING RUSSIA

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In response to Russia's military aggression against Ukraine and following the adoption by the European Union of sanctions targeting Russia, the Federal Council of Switzerland introduced a [package of sanctions](#) on 28 February 2022 severely restricting economic relations with Russia, and with selected Russian entities and persons. On 4 March 2022, Switzerland approved a [second set of sanctions](#), which was further [updated](#) with additional targeted sanctions on 16 March 2022. The applicable sanctions are set out in the Ordinance on measures related to the situation in Ukraine ([SR 946.231.176.72](#)) ("*Russia Sanctions Ordinance*").

The sanctions adopted by Switzerland largely follow those adopted in recent weeks by the European Union but are not identical. For the applicable EU Sanctions, see our [Client Alert](#) of 17 March 2022.

This Client Alert provides an overview of the relevant sanctions imposed by Switzerland as of 16 March 2022. The applicable sanctions can be grouped into four broad categories:

- Restrictions on trade in goods;
- Measures related to specific areas;
- Financial sanctions;
- Other restrictions, such as travel ban.

RESTRICTIONS ON TRADE IN GOODS

Restrictions on firearms, munitions, dual-use goods and special military goods

The importation of **firearms** and **munitions** from Russia or Ukraine, as well as the sale, delivery, export, transit and transport of the **special military goods** listed in [Annex 3](#) to the [Goods Control Ordinance](#) ("*GCO Ordinance*") to or intended for use in Russia or Ukraine is prohibited. The provision of services of all kinds (e.g., brokerage, financing, and maintenance) relating to such goods is also prohibited.

Switzerland further prohibits the sale, delivery, export, transit and transport of **dual-use goods** listed in [Annex 2](#) of the GCO Ordinance, when such goods are: (i) destined for or intended for use in Russia or (ii) destined for or intended for use in Ukraine, when they are intended for military use or for military end users. Similarly, the provision of services of all kinds is prohibited when they relate to dual-use goods destined for or intended for use in Russia and are subject to authorisation when dual-use goods are destined for or intended for use in Ukraine. Similar prohibitions apply in relation to **goods intended for military and technological reinforcement or development of the defence and security sector** that are listed in [Annex 1](#) to the Russia Sanctions Ordinance.

No exceptions or authorisation procedures are available for the above outlined prohibitions related to firearms and munitions, or the special military goods or related services.

The prohibition imposed on dual-use goods and goods destined for military and technological reinforcement or the development of the defence and security sector does not apply where

these goods are intended for one of the legitimate uses listed in [Article 6](#) of the Russia Sanctions Ordinance. In addition, the Swiss State Secretariat for Economic Affairs ("**SECO**") may authorize derogations from this prohibition in limited cases relating to civilian uses.

Restrictions on goods intended for use in the aerospace industry

The sale, delivery, export and transit of goods intended for use in the aerospace industry, listed in [Annex 3](#) to the Russia Sanctions Ordinance, to a person or entity in Russia, or for use in Russia are prohibited. It is also prohibited to provide insurance or reinsurance services in relation to the goods listed in [Annex 3](#) to any person or entity in Russia, or for use in Russia. Any other services in relation to such goods, with the exception of pre-flight inspection services, are equally prohibited.

Restrictions on goods intended for use in the oil industry

The sale, delivery, export and transit of goods listed in [Annex 4](#) that are intended for use in the **oil refining**, to any person or entity in Russia, or for use in Russia, as well as related services, are prohibited. Very few exceptions and authorisation by SECO in limited circumstances are available.

As regards goods used in the **oil industry** that are listed in [Annex 5](#), it is necessary to obtain an authorization from SECO before selling, supplying, exporting and transporting such goods in transit to any person or entity in Russia, or for use in Russia, including in the exclusive economic zone and the continental shelf of Russia. SECO will not grant authorisation when it has reason to suspect that such goods will be used in the exploration and extraction projects in Russia in waters deeper than 150 meters, in certain offshore projects in the Arctic or in projects related to oil extraction from shale formations by hydraulic fracturing (fracking).

It is also prohibited to supply certain **services** in Russia, including in the exclusive economic zone and the continental shelf of Russia, in relation to exploration and extraction in Russia in waters deeper than 150 meters, certain offshore projects in the Arctic or projects related to oil extraction from shale formations by hydraulic fracturing (fracking). The following services are covered, except when performed as part of projects which are otherwise necessary to prevent or mitigate human health or environmental danger: drilling, well testing, logging and completion services, and the supply of specialized floating platforms.

TRADE RESTRICTIONS RELATED TO SPECIFIC AREAS

Imports from Russia-controlled areas

Goods imported from Crimea, Sevastopol and the parts of the Donetsk and Luhansk that are not controlled by the Ukrainian government ("**Russia-controlled areas**") may enter Switzerland only if accompanied with a certificate of origin issued by the Ukrainian authorities. It is also prohibited to provide financial, insurance and re-insurance services in respect of imports from those areas if not accompanied by the origin certificate issued by the Ukrainian authorities.

Exports to Russia-controlled areas

Selling, supplying, exporting or transporting goods listed in [Annex 7](#) to the Russia Sanctions Ordinance, as well as supplying related technical, construction, engineering, brokering and financial assistance to persons and entities in Russia-controlled areas of Ukraine is prohibited. The prohibition does not apply among others to goods destined for hospitals and schools in these areas. SECO may authorize restricted exports, in limited circumstances, including on public health and environmental grounds.

FINANCIAL SANCTIONS

Targeted financial sanctions

Switzerland has ordered the freezing of assets and economic resources of persons and entities listed in [Annex 8](#) of the Russia Sanctions Ordinance. It is prohibited to provide or make any funds or economic resources available, directly or indirectly, to the listed persons and entities, as well as to conduct any economic transactions with the listed persons and entities. There is no total ban as SECO may authorize the release of funds, assets or economic resources to the listed persons or entities in limited circumstances. Swiss entities and institutions that hold or manage assets or are aware of economic resources that are likely to be subject to these targeted sanctions, must notify SECO without delay.

SECO provides an [online tool](#) for searching subjects of sanctions, including those listed in Annex 8.

Prohibition on providing financing, including public financing

The Russia Sanctions Ordinance prohibits the provision of financing or public financial assistance in connection with commercial transactions with Russia or investments in Russia. Binding obligations entered into before 5 March 2022, financing not exceeding 10 million Swiss Francs per project for small and medium-sized enterprises established in Switzerland and financing in connection with trade in food for agricultural, medical or humanitarian purposes are not covered by this prohibition.

Restrictions on dealings with securities and money-market instruments

The Russia Sanctions Ordinance imposes various restrictions on providing assistance in the issuance, trade and provision of transferable securities and money-market instruments, which were issued (i) by or on behalf of the Russian Federation, its Government or the Central Bank, or (ii) by or on behalf of the entities listed in [Annexes 9, 10, 11, 12 or 13](#). From 12 April 2022, Switzerland also prohibits trading platforms that are registered or recognized in Switzerland from listing and providing trading services for transferable securities of any bank or other entities established in Russia and publicly majority-owned.

Furthermore, Swiss central securities depositories are prohibited from providing services to Russian nationals or residents or entities established in Russia in relation to securities issued after 12 April 2022. Sales of securities denominated in Swiss Francs or Euro and units in collective investment schemes with access to such securities to Russian nationals, residents and banks, enterprises and other entities established in Russia are also prohibited. These prohibitions do not apply to nationals and residence permit holders of Switzerland and EU Member States.

Transactions in connection with the management of the reserves and assets of the Russian central bank are prohibited unless authorized by SECO to ensure the financial stability of Switzerland.

Restrictions on granting loans

Switzerland prohibits, subject to limited exceptions, the granting of loans (i) to the Russian Federation, its Government, its Central Bank and entities acting on behalf or at the direction of the latter; as well as (ii) to the entities listed in [Annexes 9, 10, 11, 12 or 13](#), entities that are majority-owned by the listed entities and entities acting on behalf or at the direction of the listed entities and majority-owned entities.

Prohibition on deposits

The Russia Sanctions Ordinance prohibits Swiss banks from accepting deposits by Russian nationals or residents and banks, enterprises and other entities established in Russia if the total value deposits of the person or entity exceeds 100,000 Swiss Francs. This prohibition is subject to some exceptions (e.g. for Swiss and EEA nationals). In limited circumstances, SECO may also authorize derogations from this prohibition, e.g. for humanitarian needs.

By 3 June 2022, Swiss banks must provide SECO with a list of deposits exceeding 100,000 Swiss Francs of Russian nationals and residents, as well as banks and other entities established in Russia.

Prohibition of contributions to the Russian Direct Investment Fund

Investments in the Russian Direct Investment Fund, participation in its projects or any other contribution to that fund are prohibited unless SECO has authorized such activity to permit compliance with contracts concluded before 5 March 2022.

Exclusion of Russian entities from SWIFT

As of 12 March 2022, it is prohibited to provide specialized financial messaging services (i.e. SWIFT) to Russian banks, enterprises and other entities listed in [Annex 14](#) as well as to banks, enterprises and other entities based in Russia and which are majority-owned by any entities listed in [Annex 14](#).

Restrictions on supplying banknotes

Swiss Francs or Euro banknotes may not be sold, supplied, transferred or exported to or in Russia, or to any natural or legal person, entity or enterprise in Russia, including the Russian Government or the Russian Central Bank. Swiss Francs and Euro banknotes may still be sold, supplied, transferred and exported for personal use by individuals.

OTHER RESTRICTIONS

Travel ban

The persons listed in [Annex 8](#) to the Russia Sanctions Ordinance may no longer enter or transit through Switzerland. Derogations may be granted in limited circumstances, such as for humanitarian reasons.

Satisfaction of claims based on prohibited transactions

Claims that rest on contracts or other transactions prohibited by the Russia Sanctions Ordinance, as well as earlier Ordinances of 27 August 2014 and 2 April 2014 on measures related to the situation in Ukraine, must not be satisfied if the person entitled to the claim is:

- A natural person, enterprise or other entity listed in [Annexes 2](#) or [8 to 14](#);
- Any other natural Russian person or Russian enterprise or entity;
- Any natural person, enterprise or entity acting on behalf of persons referred to in (i) or (ii).

ENFORCEMENT AND PENALTIES

SECO oversees the enforcement of the above sanctions, except for the travel ban, the enforcement of which is overseen by the Swiss State Secretariat for Migration (**SEM**).

Failure to comply with the Russia Sanctions Ordinance is subject to penalties, such as imprisonment, detention and fine, pursuant to Articles 9 and 10 of the [Federal Act on the Implementation of International Sanctions](#).

IMPACT ON BUSINESSES

The imposition of the above sanctions by Switzerland is unprecedented in terms of their scope and will have a major impact on businesses in Switzerland.

Considering the significant legal and reputational costs of non-compliance, businesses are advised to screen and identify all current and future transactions or operations involving the sanctioned jurisdiction and entities.

Whereas the alignment of the Swiss and the EU sanctions targeting Russia should reduce compliance costs, businesses should pay close attention to remaining differences between the two sanctions regimes. With further expansion of the EU sanctions, similar expansion of the Swiss sanctions can be expected in the coming weeks.

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