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Luxembourg Newsflash - 7 March 2022

New EU economic sanctions against Russia

EU institutions announced that the EU will respond with economic sanctions against those involved in Russian action against Ukraine.

On 21 February 2022, the Russian President recognised the independence of Donetsk and Luhansk, two non-government controlled separatist regions of Ukraine. He has since ordered Russian troops to enter Ukrainian territory.

EU institutions announced that the EU will respond with economic sanctions against those involved in Russian action against Ukraine. These sanctions, also known as **restrictive measures**, fall within the competence of the Council of the European Union (the "Council") and are designed to respond to crises by putting pressure on key persons and strategic economic areas.

As of 3 March 2022, the following restrictive measures have been adopted by the Council.

Restrictive measures against individuals

The Council adopted restrictive measures against the following individuals:

- **351** members of the State Duma who voted in favour of Russia's recognition of Donetsk and Luhansk;
- **22** high-profile individuals such as members of the government, oligarchs, senior military officers and individuals responsible for leading the disinformation war against Ukraine;
- **99** individuals including the Russian President and Minister of Foreign Affairs, the members of the National Security Council of the Russian Federation who supported the recognition of Donetsk and Luhansk, the remaining members of the Russian State Duma as well as individuals who facilitated the Russian military aggression from Belarus;
- **26** individuals including oligarchs, government members, high-level military officers, propagandists as well as businessmen active in oil, banking and financial services;
- **22** high-ranked members of the Belarusian military.

These individuals have been added to the list of sanctioned individuals under EU Regulation No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. The restrictive measures that apply to these

listed individuals include:

- A freeze on funds^[1] and economic resources^[2] belonging to, owned, held or controlled by any natural persons listed in Annex I to the above Regulation;
- A ban on making funds or economic resources available, directly or indirectly, to or for the benefit of natural persons listed in Annex I;
- A travel ban applicable to the listed persons preventing them from entering or transiting through EU territory.

In addition to these restrictive measures, the Council decided to suspend the provisions of the agreement between the European Community and the Russian Federation of 17 May 2007 relating to the facilitation of the issuance of visas. This means that from 28 February 2022, Russian diplomats, other Russian officials, and businesspeople will no longer be able to benefit from visa facilitation provisions.

Restrictive measures against entities

The Council adopted restrictive measures against the following entities:

- 5 entities, including 3 banks: Bank Rossiya, Promsvyazbank and Vnesheconombank (VEB).

These entities have been added to the list of sanctioned entities under EU Regulation No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. The restrictive measures applicable to the listed entities include a freeze on their funds and economic resources, as well as a ban on making funds or economic resources available to them, in the same way that these measures apply to individuals.^[3]

Restrictive measures in the banking and financial sectors

The Council adopted restrictive measures in the banking and financial sectors which include:

- Measures targeting the ability of the Russian state and its government to access the *EU's capital, financial markets and services* as well as measures limiting the financing of escalatory and aggressive policies:
 - the definition of transferable securities (shares, bonds, and any other securities conferring the right to acquire or sell any of these securities) has been extended to securities giving rise to a cash settlement determined by reference to transferable securities.
 - the Council has introduced a ban on (i) transferable securities and money-market instruments issued after 9 March 2022 that finance the Russian Federation, its government, its Central Bank and/or a legal person, entity or body acting on behalf or at the direction of the Russian Central Bank and (ii) new loans or credit agreements to any of these legal persons, entities or bodies after 23 February 2022;
 - the expansion of the existing financial restrictions, in particular those on access by certain Russian entities to the capital markets: amendment of the timeframe regarding the ban on purchasing, selling, providing investment services for or assistance in the issuance of, or otherwise dealing with *transferable securities and money-market instruments* to (i) those issued from 12 September 2014 to 12 April 2022 with a maturity exceeding 30 days and to (ii) those issued after 12 April 2022;
 - a ban, as of 12 April 2022, on listing and providing services of transferable securities to any Russian state-owned legal person, entity or body on trading venues registered or recognised in the Union;
 - a ban on investing, participating in or otherwise contributing to projects co-financed by the Russian Direct Investment Fund.
- Introduction of new measures which significantly limit the financial inflows from Russia to the Union:
 - a ban on accepting any *deposits* from Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia, if the value of the deposits per credit institution is higher than €100,000;

- a ban for EU central securities depositories on providing any services for transferable securities issued after 12 April 2022 to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia;
 - a ban on selling euro-denominated transferable securities issued after 12 April 2022 (or units in collective investment undertakings providing exposure to such a securities) to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia;
 - a ban on selling, supplying, transferring or exporting *euro-denominated banknotes* to Russia or to any legal person, entity or body in Russia, including the government and the Central Bank of Russia, or for use in Russia.
- A ban, as of 12 March 2022, on providing *specialised financial messaging services* (which include SWIFT - Society of Worldwide Interbank Financial Telecommunications) to the 7 Russian banks listed below or to any legal person, entity or body established in Russia whose proprietary rights are owned, directly or indirectly, in a share of more than 50% by one of those banks. The listed banks are:
 - VTB Bank'
 - Bank Rossiya
 - Bank Otkritie
 - Novikombank
 - Promsvyazbank
 - Sovcombank
 - Vnesheconombank (VEB)

Restrictive measures in other sectors of the economy

The Council adopted restrictive measures in other sectors of the economy which include:

- Sanctions targeting trade from both Donetsk and Luhansk to and from the EU.
 - an import ban on goods originating from these two areas has been introduced. This includes a ban on directly or indirectly providing financing or financial assistance, as well as insurance and reinsurance related to the import of such goods. This ban does not apply to contracts concluded before 23 February 2022, which can be executed until 24 May 2022.
 - restrictions on trade and investment related to various economic sectors have also been introduced: real estate, participation in entities located in these regions, creation of a joint venture, and bans on selling, supplying, transferring or exporting certain goods and technologies in key sectors such as transportation, telecommunications and energy;
 - a ban on providing tourism services.
- Further restrictions on exporting *dual-use goods* and technology that could contribute to Russia's military and technological enhancement, or to the development of the defence and security sector.
- A ban on directly or indirectly selling, supplying, transferring or exporting goods and technology suited for use in *oil refining*, regardless of their origin, to any natural or legal person, entity or body in Russia or for use in Russia.
 - it is also prohibited to (i) provide technical assistance or brokering services related to the provision, manufacture, maintenance and use of those goods and technologies, as well as to (ii) provide financing or financial assistance related to those goods and technologies for any sale, supply, transfer or export.
- An export ban covering goods and technologies in the *aviation and space industry*.
 - a ban on directly or indirectly selling, supplying, transferring or exporting goods and technology suited for use in aviation or the space industry, whether or not they originate in the EU, to any natural or legal person, entity or body in Russia or for use in Russia (this includes aircrafts, spacecrafts and parts thereof);
 - any Russian air carrier,^[4] any Russian registered aircraft or any non-Russian-registered aircraft which is owned or chartered, or otherwise controlled, by any Russian natural or legal person, entity or body will not be authorised to land in, take off from or fly over EU territory.
- The suspension of the broadcasting activities of Sputnik and RT-Russia Today (RT English, RT UK, RT Germany, RT France, and RT Spanish) in the EU or directed at the EU. Operators are prohibited from

enabling, facilitating or otherwise contributing to the broadcast, by any means, of these listed entities.

Supplements the existing restrictive measures

These newly adopted restrictive measures supplement those adopted progressively since 2014 as part of the EU's policy of sanctioning Russia for undermining Ukraine's sovereignty. [For more details regarding the evolution of this sanctions regime, please refer to our newsflash on the subject.](#)

Our expertise

Contact our experts [Philippe-Emmanuel Partsch](#) and [Marianne Brésart](#) in the [EU Financial & Competition Law](#) practice for assistance understanding these measures and how they could potentially impact your activities.

This communication, which we believe may be of interest to our clients and friends of Arendt, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice.

^[1] Funds are defined as financial assets and benefits of every kind, including, but not limited to: (i) cash, cheques, claims on money, drafts, money orders and other payment instruments; (ii) deposits with financial institutions or other entities, balances on accounts, debts and debt obligations; (iii) publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivatives contracts; (iv) interest, dividends or other income on or value accruing from or generated by assets; (v) credit, rights of set-off, guarantees, performance bonds or other financial commitments; (vi) letters of credit, bills of lading, bills of sale; and (vii) documents showing evidence of an interest in funds or financial resources (Article 1(g) of Regulation (EU) No 269/2014).

^[2] Economic resources are defined as assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but may be used to obtain funds, goods or services (Article 1(d) of Regulation (EU) No 269/2014).

^[3] For more details, please refer to the first two bullet points of the list of restrictive measures described in section 1 *Restrictive measures against individuals*.

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