

Update

Update May 2022

Swiss sanctions against Russia – Current overview and useful links

The Swiss Federal Council continues aligning the Swiss sanctions regime to the EU sanctions against Russia. Switzerland has adopted the 4th wave of EU sanctions on March 25, 2022 and the 5th wave on April 27, 2022. The new measures include far-reaching sanctions on goods, including a ban on imports of lignite and coal as well as on goods that are important sources of revenue for Russia (e.g., timber, cement, seafood, caviar). In addition, there are export bans on goods that can help strengthen Russia's industrial capacities (e.g., industrial robots or certain chemical products). Further sanctions cover the financial sector: with immediate effect, crypto-asset services above a certain threshold and trust services may no longer be provided to Russian nationals or natural or legal persons resident in Russia.

Previous revisions of the Ordinance on measures in connection with the situation in Ukraine ("UKRO") are covered in our [March 2022 Newsflash](#).

1. Introduction

On April 27, 2022, the Swiss Federal Council introduced additional restrictions with a view to mirroring the 5th wave of sanctions imposed by the EU in April 2022. The revised version of Swiss sanctions entered into force on April 27, 2022, at 18h00 (CET).

These sweeping sanctions come in addition to an expansion of the financial restrictions that had been previously adopted on March 25, 2022 and implementing the 4th wave of EU sanctions.

The below provides a summary overview of the most notable restrictions imposed by the revised

Swiss sanction packages introduced on March 25 and April 27, respectively.

2. Summary overview of new sanctions

UKRO / Annex	Subject matter ¹	Status (in force since)	Transitional provisions	Exemptions / Practical considerations
Art. 9a (Annex 16)	A ban on export ² of maritime navigation goods and technology and provision of any services, including technical assistance or related financial support	March 25, 2022 at 23:00	N/A	SECO may authorize exemptions from this prohibition (i) for non-military purposes and (ii) for a non-military end-user, (iii) if such goods or technologies or the technical assistance or the related financial aid are intended for maritime safety
Art. 9b (Annex 19)	A ban on export of jet fuel and additives and provision of any services, including technical assistance or related financial support	April 27, 2022 at 18:00	N/A	
Art. 10 (Annex 4)	A ban on export of goods for petroleum refining was supplemented with a ban on export of goods for natural gas liquefaction and provision of the services related thereto	April 27, 2022 at 18:00	The ban does not apply to transactions governed by contracts entered into prior to March 5, 2022 and executed until June 3, 2022	SECO may , after consultation with the competent services of the Federal Department of Foreign Affairs (FDFA), authorize derogations from these prohibitions insofar as (i) this is urgently necessary to prevent or (ii) mitigate an event likely to have serious and significant effects on human health and safety or on the environment. In urgent and duly justified cases , the export of goods listed in Annex 4 may take place without prior authorization , provided that the exporter informs SECO within 5 working days of the export and explains the reasons for such activities without prior authorization

¹ Commercial restrictions in relation to the goods, technologies and related services intended for Ukraine or for use in Ukraine are not covered here.

² The term "export" includes the sale, delivery, export, transit or transport of the listed goods and/or technologies intended for Russia or for use in Russia.

UKRO / Annex	Subject matter ¹	Status (in force since)	Transitional provisions	Exemptions / Practical considerations
Art. 11 (Annex 5)	A ban on export of goods for the energy sector and provision of related services	March 25, 2022 at 23:00	The ban does not apply to transactions governed by contracts entered into prior to March 26, 2022 and executed until September 17, 2022	<p>SECO may, after consultation with the competent offices of the FDFA and, if financial services or energy supply are involved, with the Federal Department of Finance (FDF) or the Federal Department of the Environment, Transport, Energy and Communications (DETEC), authorize exemptions from this ban if:</p> <ul style="list-style-type: none"> › this is necessary to guarantee the energy supply of Switzerland or an EEA member state in the event of a serious, declared or imminent shortage, or › the goods or services are exclusively for the use of entities owned or controlled, in whole or in part, by an organization established or incorporated under Swiss law or the law of an EEA member state.
Art. 11a (Annex 23)	A ban on export of goods for the strengthening of the Russian industry (locomotives, tractors, industrial robots, etc.) and provision of related services	April 27, 2022 at 18:00	The ban does not apply to transactions governed by contracts entered into prior to April 28, 2022 and executed until July 29, 2022	<p>This ban does not apply to goods and services that are necessary for the official activities of diplomatic or consular representations of Switzerland or its partners in the Russian Federation or of international organisations that enjoy immunities in accordance with international law</p> <p>SECO may, after consultation with the competent agencies of the FDFA and the FDF, authorize exemptions from this ban for humanitarian purposes</p>
Art. 12 (Annex 22)	A ban on import, transport and purchase of coal and other solid fossil fuels and provision of related services	April 27, 2022 at 18:00	The ban does not apply to transactions governed by contracts entered into prior to April 28, 2022 and executed until August 29, 2022	Prohibited services specifically include financial services

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Art. 14a (Annex 17)	Prohibition on import, transport and purchase of iron and steel products and provision of the related services	March 25, 2022 at 23:00	N/A	
Art. 14b (Annex 18)	Prohibition on export of luxury goods and provision of the related services	March 25, 2022 at 23:00	N/A	SECO may authorize exemptions from this ban for the delivery or export of cultural goods to the Russian Federation that are on loan within the framework of official cultural cooperation with the Russian Federation
Art. 14c (Annex 20)	Prohibition on import, transport and purchase of economically significant assets (caviar, potassium chloride, fertilizers, wood and wood pulp products cement, aluminum, ships, turbojets etc.) and provision of related services	April 27, 2022 at 18:00	The ban does not apply to transactions governed by contracts entered into prior to April 28, 2022 and executed until July 29, 2022	Switzerland introduced quota for potassium chloride and mineral fertilizers effective from July 29, 2022 to July 28, 2023 (Annex 21)

UKRO / Annex	Subject matter ¹	Status (in force since)	Transitional provisions	Exemptions / Practical considerations
Art. 15	Amendment to asset freeze regime introducing a possibility for SECO to authorize resale of certain assets until October 28, 2022 for change of ownership purposes (the proceeds remain frozen) or termination of transactions entered into before 27 April 2022	April 27, 2022 at 18:00	N/A	<p>SECO may authorize the release of certain frozen assets or economic resources or the making available of certain assets or economic resources to persons listed in Annex 8 for the purpose of selling or transferring, until October 28, 2022, property rights to a legal person, enterprise or entity established in Switzerland or in a member state of the EEA, if (i) such property rights are directly or indirectly owned by a person listed in Annex 8, and (ii) the proceeds of the sale or transfer remain frozen</p> <p>Further, SECO may, on an exceptional basis, authorize the release of certain frozen assets or economic resources belonging to the entities listed in Annex 8 under SSID 17554306-, SSID 17554319-, SSID 17554329 -and SSID 175-54340, or the making available of certain assets or economic resources to such entities, after determining that such assets or economic resources are necessary to terminate, on or before October 28, 2022, any transactions, contracts or other agreements, including related banking relationships, entered into with such entities prior to April 27, 2022</p>

UKRO / Annex	Subject matter ¹	Status (in force since)	Transitional provisions	Exemptions / Practical considerations
Art. 20 (2)	Prohibition on accepting crypto-assets from and to provide related services, if the total value of the crypto-assets of the natural or legal person, enterprise or entity exceeds CHF 10'000 per wallet or custody service provider	April 27, 2022 at 18:00	N/A	Similar to the deposit restriction, Swiss and EEA nationals and persons with a temporary or permanent residence permit in Switzerland or in an EEA member state are carved-out It should be noted that the UKRO does not define the term "crypto-assets". In the absence of legislative guidelines for the Swiss sanctions regime, it is likely that the Swiss sanctions authorities will refer to the term "crypto-assets" as defined in Article 5a of the Banking Ordinance
Art. 24a (Annex 15)	Extension of the prohibition on transactions with state-owned companies	March 25, 2022 at 23:00	The prohibition does not apply to transactions carried out until August 29, 2022 for the purchase, import and transport in Switzerland or in the EEA member states of coal or other solid fossil fuels listed in Annex 22	Exceptions made to transactions strictly necessary for the purchase, import or transport of fossil fuels, in particular coal, oil and natural gas, including refined petroleum products, as well as titanium, aluminium, copper, nickel, palladium and iron ore, from or through the Russian Federation to Switzerland or to a member state
Art. 28a	Prohibition on provision of credit rating services to Russian persons	March 25, 2022 at 23:00	N/A	Similar to the deposit restriction, Swiss and EEA nationals and persons with a temporary or permanent residence permit in Switzerland or in an EEA member state are carved-out

UKRO / Annex	Subject matter ¹	Status (in force since)	Transitional provisions	Exemptions / Practical considerations
Art. 28c	Prohibitions on the support of public institutions	April 27, 2022 at 18:00	The prohibition does not apply to transactions governed by a contract entered into prior to April 28, 2022 and executed until October 29, 2022	The prohibition does not apply to certain activities (including humanitarian activities, public health emergencies, prevention or mitigation of an event that is likely to have serious and significant effects on human health and safety or the environment, or in response to natural disasters, inter-governmental cooperation in space programs and in the framework of the international thermonuclear experimental reactor ITER, etc.)
Art. 28d	Prohibition to provide trust services to Russian resident or national natural and legal persons (being either settlor or beneficiary) or legal persons owned by or acting on behalf of them	April 27, 2022 at 18:00	Article 28d (1) and (2), does not apply to transactions necessary to terminate, by May 29, 2022 , contracts entered into before April 28, 2022 that are not consistent with the provisions of Article 28d	<p>This prohibition raises a number of scoping and interpretation (e.g., definition of trust or similar legal arrangement; whether underlying entities are covered, etc.), as well as practical considerations.</p> <p>Similar to the deposit restriction, Swiss and EEA nationals and persons with a temporary or permanent residence permit in Switzerland or in an EEA member state are carved-out</p> <p>SECO may, after consultation with the competent agencies of the FDFA and the FDF, authorize exemptions from the prohibition for certain activities (including humanitarian activities and civil society activities that directly promote democracy, human rights or the rule of law in Russia)</p>

UKRO / Annex	Subject matter ¹	Status (in force since)	Transitional provisions	Exemptions / Practical considerations
Art. 29a	Prohibition of air traffic for Russian air carriers	April 27, 2022 at 18:00	N/A	<p>The prohibition does not apply to:</p> <ul style="list-style-type: none"> › flights for humanitarian purposes; › search and rescue flights; › repatriation flights of leased aircraft authorized by the Federal Office of Civil Aviation (FOCA); › emergency overflights and landings; › flights of foreign military and other state aircraft which have a permit (diplomatic clearance) in accordance with Article 4 of the Ordinance of 23 March 2005 on the Protection of Sovereignty over Airspace <p>The FOCA may, after consultation with the competent offices of SECO and the FDFA, authorize exemptions from this prohibition if this is necessary to safeguard Swiss interests or for other purposes that are in accordance with the objectives of the UKRO</p>

3. Impact & expected developments

Due to the far reaching effects of the adopted prohibitions and the limited official guidance, the implementation of new measures raises considerable difficulties in practice. In order to mitigate the risk, businesses often opt for a broad reading of sanctions, rather than the one strictly resulting from the letter law. Sanctions are further amended and adapted on an ongoing basis.

Given the importance of the topic and the potentially serious legal and reputational consequences in case of breach, it is essential to keep abreast of the latest measures and any guidance issued by the Swiss government in this regard. We are monitoring these developments closely.

At this juncture, a number of the newly introduced restrictions raise a number of interpretation and practical implementation questions. Some of those questions are expected to be clarified based on EU sanctions guidance and FAQs, if any, whereas other issues will require formal confirmation from SECO. We are working with our clients to clarify the expectations of competent authorities and to find practical solutions for an efficient operational implementation of the sanctions framework.

4. Useful links

Given the fluid nature of the sanctions, we enclose some relevant resources which we trust will be of assistance for monitoring the developments:

(a) Swiss Sanctions

- › UKRO, as amended on April 27, 2022
 - › Official publication:
 - › [UKRO German version](#)
 - › [UKRO French version](#)
 - › [Free English translation](#)
- › SECO clarifications on application of art. 20 and art. 21 UKRO
 - › Official publication:
 - › [German version](#)
 - › [French version](#)
 - › [Free English translation](#)

(b) EU Sanctions

- › Consolidated texts of sanctions regulations
 - › [Consolidated text of Regulation \(EU\) No 833/2014 \(Russia\)](#)
 - › [Consolidated text of Regulation \(EU\) No 269/2014 \(Ukraine territorial integrity\)](#)
- › Compilation of frequently asked questions regarding EU sanctions available here: [link](#).

Please do not hesitate to contact us in case of any questions.

You may reach out to your usual contact at our firm or direct any sanction-specific queries to our dedicated task force at: sanctions@lenzstaehelin.com

Legal Note: The information contained in this UPDATE Newsflash is of general nature and does not constitute legal advice. In case of particular queries, please contact us for specific advice.

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