

Swiss sanctions against Russia – Implementation of the EU 12th Sanctions Package

The Swiss Federal Council continues aligning the Swiss sanctions regime to the EU sanctions against Russia. On 31 January 2024, the Swiss Federal Council adopted further measures against Russia, in line with the 12th sanctions package adopted by the European Union (EU). This follows a move on 21 December 2023 where the Federal Department of Economic Affairs, Education and Research (DEFR) added 147 individuals and entities to the Swiss sanctions list. The latest measures impose additional commercial and financial sector restrictions, including a ban on the importation of diamonds, pig iron, and liquefied petroleum gas (LPG). In the financial sector, these sanctions extend to prohibiting Russian nationals and residents from holding controlling stakes in Swiss companies that provide crypto-asset services, alongside stringent enforcement of the oil price cap on Russian crude oil and petroleum products to curtail Russia's oil revenue.

Published: 5 February 2024

AUTHORS	Hikmat Maleh	Partner, Co-Head of Investigations
	Fedor Poskriakov	Deputy Managing Partner, Head of Fintech
	Alexander Greter	Partner
	Marina Voloshinovskaya	Associate
EXPERTISE	Banking and Finance	

Introduction

On 31 January 2024, the Swiss Federal Council adopted further sanctions against Russia with a view to mirroring the latest measures imposed by the EU in December 2023. The corresponding amendments to the Ordinance on measures in connection with the situation in Ukraine ("**UKRO**") entered into force on 1 February 2024.

An unofficial English translation of UKRO as of 31 January 2024 and a redline against the version

of 21 December 2023 are available, respectively [here](#) and [here](#)

Also, on 1 February 2024, the State Secretariat for Economic Affairs (SECO) published an amended version of its clarifications in the form of "frequently asked questions" (FAQ) document, inter alia to include frequently asked questions in relation to Articles 12b and 14e UKRO.

An unofficial English translation of the FAQ and a redline against the version of 21 December 2023 are available, respectively [here](#) and [here](#).

Key elements

The new measures include in particular the following:

- **Ban on Russian diamonds (Article 14e UKRO):** A phased ban on the purchase and import of Russian diamonds, reflecting a commitment made at the G7 summit on 6 December 2023, aims to cut off a significant revenue stream for Russia.
- **Import restrictions (Annexe 1, Article 5 UKRO):** New bans on the import of pig iron and LPG (liquefied petroleum gas) from Russia, along with expanded restrictions on goods that could bolster Russia's military and technological capabilities or enhance its industrial sector. This includes prohibitions on the export and sale of chemicals, lithium batteries, certain motors for unmanned aerial vehicles, and machine tools and machinery parts to Russia.
- **Oil price cap (Articles 12b and 12c UKRO):** Measures include enhanced enforcement of the oil price cap for Russian crude oil and petroleum products, and new reporting and authorization requirements to prevent circumvention of the oil price cap.
- **Financial sector restrictions (Article 20 (2^{bis}) UKRO):** Measures also include a ban on Russian nationals and residents from controlling Swiss companies providing crypto-asset services, in order to limit the circumvention of the prohibition on the provision of crypto-asset wallet, account or custody services (new Article 20 (2^{bis}) UKRO, which will enter into force on 2 March 2024).[1]
- **Service sector restrictions (Article 28e UKRO):** A prohibition on providing software for enterprise management and industrial design and manufacture to Russian companies, with exceptions for Russian subsidiaries of Swiss companies.
- **Further examination:** The Federal Council has decided to withhold the implementation of a notification requirement for fund transfers out of the EU by companies controlled by Russians or entities established in Russia. Instead, the Federal Department of Economic Affairs, Education and Research (EAER), in collaboration with the Federal Department of Finance, will conduct a thorough examination to assess the potential implementation of such a requirement in Switzerland.

Further, key updates to the SECO's FAQ document include compliance guidelines for the oil price cap (section 2.1 FAQ), phased bans on importing diamonds from the Russian Federation with specific documentation requirements for proving origin (section 2.4 FAQ), and the conditions under which exceptions for frozen assets may be granted by SECO under Article 15 (5^{ter}) (c) UKRO (section 2.5.3 FAQ).

[1] Unofficial English translation: "Russian nationals and natural persons resident in the Russian Federation are prohibited from directly or indirectly acquiring a legal person, entity or establishment established or incorporated under Swiss law or the law of an EEA member state and

providing the services referred to in para. 2, to take direct or indirect control of them, or to hold a new position in their governing bodies."

Reminder: renewal of asset declarations and transactional reporting requirement

All financial institutions who previously reported assets or economic resources belonging to a sanctioned person listed in Annex 8 must now provide two types of updates to SECO:

- **Renewal of asset declarations:** Update the total value of all assets frozen under Article 15 UKRO as of 31 December 2023, with a submission deadline of **16 February 2024**.
- **Transactional reporting for Annex 8:** For entries existing before 1st December 2023, compliance with the additional transaction reporting requirement is due by **29 March 2024**.

Future developments

Sanctions are amended and adapted on an ongoing basis. Given the importance of the topic and the potentially serious legal and reputational consequences of a breach, it is essential to keep abreast of the latest measures and any guidance issued by the Swiss government. We are monitoring these developments closely.

At this juncture, the introduced restrictions raise a number of interpretation and 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.

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:

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

Swiss Sanctions

UKRO, as amended on 31 January 2024

- Official publication:
 - [UKRO German version](#)
 - [UKRO French version](#)
 - [Unofficial English translation](#)
 - [Redline against the version of 21 December 2023 \(English\)](#)

SECO FAQ, as amended on 1 February 2024

- Official publication:
 - [German version](#)
 - [French version](#)
 - [Unofficial English translation](#)
 - [Redline against the version of 21 December 2023 \(English\)](#)

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 if you have any further questions on this subject.

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.

Shelby R. du Pasquier	Partner, Head of Banking and Finance, Geneva shelby.dupasquier@lenzstaehelin.com Tel: +41 58 450 70 00
Fedor Poskriakov	Deputy Managing Partner, Head of Fintech, Geneva fedor.poskriakov@lenzstaehelin.com Tel: +41 58 450 70 00
Valérie Menoud	Partner, Co-Head of Investigations, Head of ESG, Geneva valerie.menoud@lenzstaehelin.com Tel: +41 58 450 70 00
Hikmat Maleh	Partner, Co-Head of Investigations, Geneva hikmat.maleh@lenzstaehelin.com Tel: +41 58 450 70 00
Martin Burkhardt	Senior Counsel, Zurich martin.burkhardt@lenzstaehelin.com Tel: +41 58 450 80 00
Alexander Greter	Partner, Zurich alexander.greter@lenzstaehelin.com Tel: +41 58 450 80 00
Astrid Waser	Partner, Head of ESG, Zurich astrid.waser@lenzstaehelin.com Tel: +41 58 450 80 00

