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Shipping & International Trade

# Developments on Russian Sanctions: Russian Banks Banned from SWIFT by EU

## Introduction

This Update is in continuation of our Client Update titled "Singapore to Impose Sanctions on Russia" published on 28 February 2022 (available [here](#)).

While we await the publication of Singapore's sanctions package against Russia, the European Union ("EU") has today (2 March 2022) released the names of seven Russian banks that the EU will be excluding from the Society for Worldwide Interbank Financial Telecommunication (i.e., SWIFT) international payment system. This follows earlier waves of EU sanctions, for example, those adopted on 28 February 2022, whereby, amongst others, asset freezes were imposed on specified Russian individuals and measures were taken to prevent Russia's Central Bank from accessing its foreign reserves in the EU.

## Scope of Sanctions

Although yet to be formally confirmed, there have been reports that seven banks may be excluded from the SWIFT financial message system, namely: (1) VTB Bank; (2) Otkritie; (3) Rossiya; (4) Novikom (Rostec); (5) Sovcom; (6) VEB.RF; and (7) Promsvyazbank. While the addition of VTB Bank, one of Russia's largest lenders, appear to be a significant escalation of the sanctions, it is also significant that Russia's biggest lenders Sberbank PJSC and Gazprombank, a bank part-owned by Gazprom PJSC, appear to have been excluded from these sanctions.

## Concluding Remarks

In light of the EU's reported measures, banks with financial relationships with any Russian banks (and not just the sanctioned banks), as well as participants in the oil, gas and energy sectors which remit, receive or transfer funds through Russian banks should look to alternative avenues to fulfil their obligations or prevent disruption to their businesses and trades. The maintenance of Sberbank's and Gazprombank's access to SWIFT suggests that, barring any de-escalation of Russia's military posture in the Ukraine, the EU may be holding back additional sanctions in reserve. The same reasoning may underlie the continued reluctance of major western powers to sanction Russian oil and gas exports.

We will continue to monitor developments and will provide further updates as and when the same are available.



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For more information on the proposed sanctions and how your business might be affected by it, please feel free to approach our team below.

## Contacts



**Toh Kian Sing SC**  
Senior Partner, Dispute  
Resolution  
Head, Shipping & International  
Trade

T +65 6232 0614

[kian.sing.toh@rajahtann.com](mailto:kian.sing.toh@rajahtann.com)



**V Bala**  
Partner, Shipping &  
International Trade

T +65 6232 0383

[bala@rajahtann.com](mailto:bala@rajahtann.com)



**Nathanael Lin**  
Partner, Shipping &  
International Trade

T +65 6232 0293

[nathanael.lin@rajahtann.com](mailto:nathanael.lin@rajahtann.com)

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Please feel free to also contact Knowledge and Risk Management at [eOASIS@rajahtann.com](mailto:eOASIS@rajahtann.com)

## Our Regional Contacts

RAJAH & TANN | *Singapore*

**Rajah & Tann Singapore LLP**

T +65 6535 3600  
sg.rajahtannasia.com

R&T SOK & HENG | *Cambodia*

**R&T Sok & Heng Law Office**

T +855 23 963 112 / 113  
F +855 23 963 116  
kh.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP  
Shanghai Representative Office**

T +86 21 6120 8818  
F +86 21 6120 8820  
cn.rajahtannasia.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

**Assegaf Hamzah & Partners**

**Jakarta Office**

T +62 21 2555 7800  
F +62 21 2555 7899

**Surabaya Office**

T +62 31 5116 4550  
F +62 31 5116 4560  
www.ahp.co.id

RAJAH & TANN | *Lao PDR*

**Rajah & Tann (Laos) Co., Ltd.**

T +856 21 454 239  
F +856 21 285 261  
la.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

**Christopher & Lee Ong**

T +60 3 2273 1919  
F +60 3 2273 8310  
www.christopherleeong.com

RAJAH & TANN | *Myanmar*

**Rajah & Tann Myanmar Company Limited**

T +95 1 9345 343 / +95 1 9345 346  
F +95 1 9345 348  
mm.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

**Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)**

T +632 8894 0377 to 79 / +632 8894 4931 to 32  
F +632 8552 1977 to 78  
www.cagatlaw.com

RAJAH & TANN | *Thailand*

**R&T Asia (Thailand) Limited**

T +66 2 656 1991  
F +66 2 656 0833  
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

**Rajah & Tann LCT Lawyers**

**Ho Chi Minh City Office**

T +84 28 3821 2382 / +84 28 3821 2673  
F +84 28 3520 8206

**Hanoi Office**

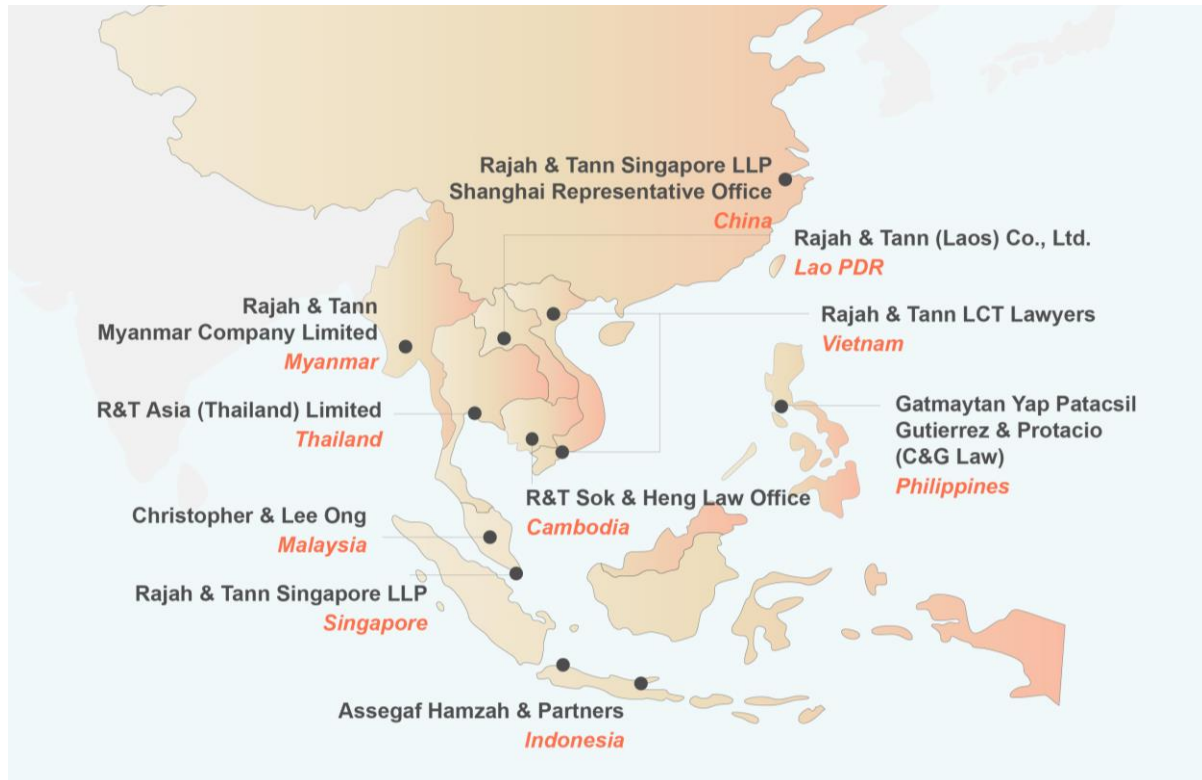
T +84 24 3267 6127  
F +84 24 3267 6128  
www.rajahtannlct.com

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