



March 1, 2022

Dear Clients,

Uneasy times have arrived, and various sanctions from the [US](#), [EU](#) and [UK](#) against individuals and Russian companies, in particular, related to banking, as well as foreign-currency anti-sanctions are cause for apprehension when considering the thought of having disposition over assets in Russia and abroad.

That said, it is good to remember that information on sanctions available on the Internet does not always give a precise and proper description of the restrictions imposed. Our team therefore works in real time to understand the restrictions imposed by the international community, as well as the news in foreign currency regulations in Russia in accordance with the laws that have already taken effect starting the last few days. Let's have a look at what we are dealing with.

First, the sanctions

First, take note that as of now, sanctions have been imposed on a limited number of [persons](#) being political activists, representatives of business and the media. These sanctions include a freeze on foreign assets of these persons and a ban on providing them monetary funds.

As regards **Russians not directly listed as of now, there are only restrictions on foreign bank deposits:** in [British](#) banks, Russians cannot keep more than GBP 50,000 per bank, and in [European](#) banks, the deposit cannot exceed EUR 100,000. There are no other sanctions imposed as of now, but the situation is quickly changing, and we cannot rule out that the list of restrictions will be expanded in the near future.

At the same time, banks are not restricting access to funds or the possibility to withdraw or transfer them to a Russian bank account. At the same time, please note that due to a Presidential Decree, transfer of funds from Russian accounts to foreign ones are now prohibited.

In addition to individuals, sanctions are [imposed](#) on large Russian banks, including VTB, Otkrytie, Sovcombank, Novikombank, Promsvyazbank, Sberbank and others. These sanctions mainly concern blocking their assets abroad and in online stores registered in countries that support the sanctions, which must also be taken into account when paying for services received from foreign providers using bank cards of these banks, as well as if you are aboard with such cards or plan to travel abroad.

There are also plans to disconnect Russian banks from the SWIFT system, which can complicate performance of foreign trade contracts for Russians.

New foreign currency reality

In response to the sanctions, the Russian President signed [Decree No.79 dated 28.02.2022 on "anti-sanctions"](#)¹ (the "Decree"), aimed at retaining a reserve of foreign currency in the country and replenishing Russia's currency fund, which to a large degree changes the currency regulations that were in effect and, of course, completely cancels the change in course as regards softening the currency regulations some time in "the past life."

Please note that the Decree has already taken effect starting February 28, 2022, and the term for fulfilling some of the requirements is extremely short, requiring business to act quickly and adopt measures to comply with the dynamically changing game rules.

In particular, the Decree introduced the following measures:

- 1. Within three work days of the Decree taking effect, i.e. by March 3, 2022** residents participating in foreign trade must sell 80% of the foreign currency credited to their accounts since January 1, 2022 in

¹ Decree on applying special economic measures due to unfriendly actions by the USA and foreign states and organizations that joined them.

connection with foreign trade contracts with non-residents that involve transferring goods to non-residents, rendering services to non-residents, performing works for non-residents and transfer of intellectual property to non-residents, including exclusive IP rights.

Moreover, now every time residents receive foreign currency through such contracts, they must sell 80% of it within 3 work days from the time it is credited to their account.

Please take note that these requirements must be complied with irrespective of whether the relevant contract is registered with the bank.

2. Starting March 1, 2022, Russian currency residents (companies and individuals) cannot:

- a) provide foreign currency loans to non-residents (though loans issued earlier can be serviced);
- b) deposit foreign currency to their accounts/deposits outside Russia, or make transfers without opening a bank account using electronic payment systems provided by foreign payment services.

3. Starting February 28, 2022, credit organizations can open accounts for individuals without their physical presence, if they are transferring to the account being opened money from a different organization which along with the transfer provides information on the individual.

Please note that violation of currency laws, in particular, performing unlawful currency operations, can result in a fine from 75% to 100% of the amount of the unlawful currency operation.

Further to the said restrictions and sanctions, there is also information in the media that the Russian Central Bank has prepared an order that, starting noon February 28, places a ban on professional participants of the financial market to transfer income on Russian-issued securities to foreign individuals and legal entities. Furthermore, a ban on paying dividends is assumed for subsidiaries of foreign companies. We will analyze the relevant measures and will get back in the near future.

Given the quickly changing reality and multiple changes, we recommend that our clients assess their capabilities, assets and prospects in order to adopt balanced decisions. Please additionally take note of the news regarding plans of a mass amnesty of capital, which could allow Russians to declare their foreign accounts and companies, which can to some degree reduce the negative impact from the sanctions and restrictions.

We will be glad to assist you with understanding all the sanctions and restrictions and to elaborate for you an individual plan on managing foreign assets, which will allow you to safely and efficiently deal with the situation.

We understand that today the world, economy, and therefore business and people, are going through an uneasy time, and it is possible that in the near future the effect from this situation will be even more prevalent. At the same time, we believe that if you are strong, you will make it, and we assure you that our team will remain with you, is keeping in touch and we will be glad to render all the necessary assistance at each step of this complex path.

Additional information

Should any questions arise in connection with the above or if you need any additional materials, please contact us at cls@cls.ru.

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