

# Discussion Paper

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## The effects of sanctions on Russian banks in TARGET2 transactions data

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# **Non-technical summary**

## **Research Question**

We analyze the impact of financial sanctions at the level of individual bank accounts. In particular, using information from TARGET2, the real-time gross settlement system owned and operated by the Eurosystem, we examine the effects of financial sanctions imposed by the European Union (EU) on Russian banks following the country's military interventions in Ukraine in 2014 and 2022.

## **Contribution**

Our analysis contributes to a growing literature on the economic effects of sanctions, which uses sanctions against Russia as a case study. In contrast to most of this work, which often examines patterns of trade, our analysis focuses on financial activities. More importantly, our empirical setting provides a number of notable advantages for identifying the impact of sanctions. First, the EU has imposed restrictive measures on only a few, selected banks in Russia, allowing us to distinguish between sanctioned and non-sanctioned entities in a country targeted by sanctions. Second, sanction measures have been modified over time, such that we are able to analyze the effects of various types of financial restrictions. Third, bank transaction data are available at daily frequency, which allows us to explore possible anticipation effects between the announcement of sanction measures and their actual implementation. Finally, given that the data are available for a sufficiently long period, we are able to compare the effects of financial sanctions imposed on Russian banks in 2014, after the Russian annexation of Crimea, and in 2022, after the Russian invasion of Ukraine.

## **Results**

We find that financial sanctions substantially reduce inflows to and outflows from sanctioned Russian bank accounts. The estimated effect of the 2022 sanctions on financial flows is stronger than that of the 2014 sanctions, which seems plausible since stricter measures have been implemented (including, for instance, the exclusion from SWIFT, a provider of secure payment messaging services). Still, our results should be interpreted with caution when it comes to the assessment of the effectiveness of sanctions. For instance, since we can only observe transactions in TARGET2, potential evasion of sanctions through other payment systems (such as CIPS) cannot be ruled out.

# **Nichttechnische Zusammenfassung**

## **Fragestellung**

Wir analysieren die Auswirkungen von Finanzsanktionen auf einzelne Bankkonten. Insbesondere untersuchen wir anhand von Informationen aus TARGET2, dem Echtzeit-Bruttoabwicklungssystem des Eurosystems, die Effekte von Finanzsanktionen der Europäischen Union (EU) auf russische Banken nach den militärischen Aktivitäten Russlands in der Ukraine in den Jahren 2014 und 2022.

## **Beitrag**

Unsere Analyse trägt zu einer wachsenden Literatur über die wirtschaftlichen Auswirkungen von Sanktionen bei, die Sanktionen gegen Russland als Fallstudie verwendet. Im Gegensatz zu den meisten dieser Arbeiten, die häufig Handelsbeziehungen untersuchen, konzentriert sich unsere Analyse jedoch auf Finanzaktivitäten. Zudem bietet unser empirischer Ansatz bedeutende Vorteile, um die Auswirkungen von Sanktionen zu identifizieren. Erstens wurden nur wenige ausgewählte Banken in Russland mit restriktiven Maßnahmen der EU belegt, die es uns ermöglichen, zwischen sanktionierten und nicht sanktionierten Banken in einem Land zu unterscheiden, das von Sanktionen betroffen ist. Zweitens wurden die Sanktionsmaßnahmen im Laufe der Zeit so modifiziert, dass wir die Auswirkungen verschiedener Arten finanzieller Restriktionen analysieren können. Drittens liegen tägliche Transaktionsdaten der Banken vor, sodass mögliche Antizipationseffekte zwischen der Ankündigung von Sanktionsmaßnahmen und deren tatsächlicher Umsetzung untersucht werden können. Da die Daten über einen ausreichend langen Zeitraum verfügbar sind, können wir schließlich die Auswirkungen von Finanzsanktionen vergleichen, die 2014, nach der russischen Annexion der Krim und 2022, nach dem russischen Einmarsch in die Ukraine, gegen russische Banken verhängt wurden.

## **Ergebnisse**

Unsere Ergebnisse zeigen, dass Finanzsanktionen die Mittelabflüsse und Mittelzuflüsse sanktionierter russischer Bankkonten erheblich verringern. Die geschätzten Auswirkungen der Sanktionen von 2022 auf die Finanzströme sind stärker als im Jahr 2014, was angesichts der Umsetzung strengerer Maßnahmen (darunter beispielsweise der Ausschluss von SWIFT, einem Anbieter für sicheren Nachrichtenaustausch über Zahlungsflüsse) plausibel erscheint. Unsere Ergebnisse sind jedoch mit Vorsicht zu interpretieren, wenn die Effektivität von Sanktionen bewertet werden soll. Da wir beispielsweise nur Transaktionen in TARGET2 beobachten können, ist eine mögliche Umgehung von Sanktionen durch andere Zahlungssysteme (z. B. CIPS) nicht auszuschließen.

# The Effects of Sanctions on Russian Banks in TARGET2 Transactions Data<sup>1</sup>

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## Abstract

This short paper examines the effect of financial sanctions at the most disaggregated level possible, individual bank accounts. Using data from the Eurosystem's real-time gross settlement system TARGET2, we provide empirical evidence that sanctions imposed by the European Union on Russian banks following the country's military interventions in Ukraine in 2014 and 2022 have sizably reduced financial transactions with sanctioned Russian bank accounts. Among the various sanction measures taken, exclusion from SWIFT, a global provider of secure financial messaging services, turns out to have the largest effects.

**Keywords:** financial flows; transactions; restrictions

**JEL Classification Codes:** F38; F51; G28

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# 1. Introduction

Financial sanctions generally aim to put restrictions on a target's cross-border financial activities, including access to financial markets, funds, resources and services. However, in order to achieve this goal, it is important to effectively implement sanction measures in practice. In this short paper, we analyze the impact of financial sanctions on cross-border financial flows at the most disaggregated level possible, individual bank accounts. Specifically, using information from TARGET2, the real-time gross settlement system owned and operated by the Eurosystem, we examine the effects of restrictive measures that the European Union (EU) has imposed on Russia in response to the country's military interventions in Ukraine in 2014 and 2022.

A growing number of studies already analyze various aspects of sanctions against Russia in detail, including Ahn and Ludema (2019, 2020), Miromanova (2019), Crozet and Hinz (2020), Gullstrand (2020), and Mamonov, Pestova and Ongena (2021). In contrast to most of this work, which often examines patterns of trade, our analysis focuses on financial activities. More importantly, our empirical setting provides a number of notable advantages for identifying the impact of sanctions. First, the EU has imposed restrictive measures on only a few, selected banks in Russia, allowing us to distinguish between sanctioned and non-sanctioned entities in a country targeted by sanctions. Second, sanction measures have been modified over time, such that we are able to analyze the effects of various types of financial restrictions. Third, bank transaction data are available at daily frequency, which allows us to explore possible anticipation effects between the announcement of sanction measures and their actual implementation. Finally, given that the data are available for a sufficiently long period, we are able to compare the effects of financial sanctions imposed on Russian banks in 2014, after the Russian annexation of Crimea, and in 2022, after the Russian invasion of Ukraine.

## 2. Financial Sanctions in Practice

The EU has progressively adopted various sanction measures on Russia since 2014. These measures include individual sanctions, economic sanctions, restrictions on media and diplomatic measures; they also include restrictions on Russia's access to the EU's capital and financial markets and services.<sup>1</sup> In our empirical analysis, we distinguish between three types

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<sup>1</sup> For an overview, see <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-against-russia-over-ukraine/>.

of financial sanctions against Russian banks. The measures are listed in Table 1; the table also reports, for each type of financial sanction, the underlying EU regulations and the banks targeted by these measures (along with the date of their implementation).<sup>2</sup> Among the set of restrictions early imposed by the EU are capital market sanctions, tabulated in column (1). These restrictions mainly imply a ban on EU market participants of buying or selling securities and money market instruments issued by the sanctioned institutions. Consequently, targeted Russian banks are no longer able to refinance themselves in the EU via capital market instruments. Since this measure does not target payments directly, it does not prevent sanctioned banks from buying or selling securities from other issuers.<sup>3</sup>

Initially adopted in 2014, the EU expanded the list of Russian banks targeted by capital market sanctions and rapidly imposed further financial restrictions after Russia's military aggression against Ukraine in 2022. Column (2) shows that by now ten Russian banks have been disconnected from specialized payment messaging services handled by the Society for Worldwide Interbank Financial Telecommunication (SWIFT). While affected institutions can continue making international credit transfers via alternative payment systems, such as the Chinese Cross-Border Interbank Payment System (CIPS), or other communication channels, such as secure fax lines, the number and volume of financial transactions are likely to decline considerably in practice due to this exclusion. An additional drastic restriction was imposed on eight Russian banks, which are subject to a full transaction ban. With this intervention (reported in column (3)), all funds and economic resources owned or controlled by natural or legal persons, entities or organizations associated with these institutions are frozen. Moreover, no funds or economic resources may be made available to or be used by the affected parties either directly or indirectly.

### 3. Data and Methodology

In order to analyze the effect of financial restrictions on cross-border financial activity, we make use of detailed (and confidential) financial transactions data from the Eurosystem's real-time gross settlement system TARGET2. The data set contains information on the originator and beneficiary of a euro payment, including the accounts of the direct TARGET2

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<sup>2</sup> Further details about sanctions regulations are provided in an appendix.

<sup>3</sup> In our empirical analysis, we focus exclusively on the date of first implementation of a sanction and, therefore, ignore possible variations in the intensity of sanctions; see Besedeš, Goldbach and Nitsch (2017) for a more extensive discussion of this issue.

participants, as well as the date and value of the transaction.<sup>4</sup> Out of roughly 350,000 daily payments processed in TARGET2<sup>5</sup>, we identify financial flows with Russia as (i) outgoing payments initiated by a Russian bank (originator) and settled via the correspondent bank account in the EU and (ii) incoming payments being designated for a Russian bank (beneficiary) and settled via the correspondent bank account in the EU. In practice, we first extract all payments settled in TARGET2 which are related to a Russian bank account, identified by having country code “RU” at the fifth and sixth digit of the Bank Identifier Code (BIC) following the BIC standard ISO 9362<sup>6</sup>, and then divide banks, again based on the BIC, into treatment (sanctioned banks) and control groups (non-sanctioned banks), according to the classification in Table 1.

Figure 1 presents a first look at the data. The upper panel plots the business day-to-day aggregate inflows of funds in TARGET2 via the accounts of Russian banks, separately for sanctioned and non-sanctioned entities, around the time of the implementation of sanction measures; the graphics at the bottom of Figure 1 present the analogues for outflows. As shown in the top pair of graphs in both panels, Russian banks subject to capital market sanctions tend to engage less in TARGET2 activities already before the imposition of restrictions, while the difference turns out to become even larger afterwards. Moreover, and perhaps not surprisingly, business activities in TARGET2 dry up almost completely after a bank is excluded from SWIFT or faces a ban on transactions.<sup>7</sup>

While insightful, the graphical analysis does not provide conclusive evidence about the causal impact of sanctions on financial flows. Therefore, we apply a difference-in-differences approach. In particular, we estimate variants of the following equation using pseudo-Poisson-maximum likelihood (PPML):

$$(1) \quad \text{Financial flows}_{sbt} = \exp [\sum_s \beta_s \times \text{Sanctions}_{sbt} + \sigma_b + \tau_t] + \varepsilon_{bt},$$

where *Financial flows<sub>sbt</sub>* represents the respective gross payment flows (either inflows or outflows) of Russian bank account *b* on day *t* settled in TARGET2, *Sanctions<sub>sbt</sub>* is a binary

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<sup>4</sup> Technically, our data set comprises TARGET2 transaction data across all TARGET2 components. Although TARGET2 may run, in principle, on a single shared platform, it is made up of multiple component systems operated by the national central banks and the ECB.

<sup>5</sup> See <https://www.ecb.europa.eu/paym/target/target2/facts/html/index.en.html> for facts and figures about TARGET2.

<sup>6</sup> A BIC consists of eight or eleven alphanumeric characters and shows a four-part structure: a bank code, a country code, a location code and an optional branch code. SWIFT is the registration authority for BICs.

<sup>7</sup> Since only banks from inside the European Economic Area are allowed to directly participate in TARGET2, Russian banks cannot act as correspondent banks for TARGET2 transactions. Russian banks may continuously show up as originators and beneficiaries of payment flows in TARGET2 even after exclusion from SWIFT.



variable that becomes one if the Russian bank account  $b$  on day  $t$  is subject to EU financial sanctions  $s_t$ , and  $\sigma_b$  and  $\tau_t$  are comprehensive sets of bank-specific and time-specific fixed effects, respectively. Since our sample only covers payments related to Russian bank accounts, time fixed effects capture shocks and factors common to all Russian payments in TARGET2, such as, for instance, macroeconomic developments in Russia. Similarly, bank fixed effects control for systematic differences across Russian banks that do not change over time, such as their general business relationships with foreign partners.  $\varepsilon_{bt}$  is the statistical error term.

## 4. Results

Table 2 presents the results. In the first two columns, we tabulate estimates of  $\beta$  for sanctions imposed in 2014; the remaining columns report results for the 2022 sanctions. Since our sample ends in June 2022 and the first sanctions in 2022 were imposed in February, we restrict our attention to a default sample period of  $\pm 4$  months around the (first) imposition of sanctions for both episodes (2014 and 2022) in order to be consistent. However, our results are also robust for alternative sample periods. As shown in columns (1) and (2), the financial restrictions imposed on Russian banks after Russia's annexation of Crimea had a sizable impact on payment flows settled in TARGET2. The  $\beta$  coefficient is negative and statistically significant; the effect is also economically large. Taken at face value, the point estimate of -1.097 (-0.863) implies that inflows (outflows) in the accounts of sanctioned Russian banks have, on average, decreased by 67% (58%) after the restrictions took effect. The next two columns report analogous results for sanctions imposed in 2022. Not surprisingly, given that also stricter measures have been adopted by the EU, the (negative) effect of the sanctions on payments flows increases in magnitude. According to our estimates, inflows (outflows) of payments of sanctioned Russian banks in TARGET2 were effectively reduced by about 78% (80%).

We also analyze the effects of the various types of financial restrictions on payments flows. In particular, we replace the pooled financial sanctions dummy with three separate dummy variables for the different types of sanctions. The results, tabulated in columns (5) and (6), are highly robust and consistent. All estimated coefficients take on the expected negative sign and are statistically significant, with the largest effects for a bank's disconnection from SWIFT when inflows and outflows came close to full standstill (-99.9% each). Moreover, since exclusion from SWIFT was effectively implemented in practice only a few days after its official announcement, anticipation effects can also be assessed (by adding a binary variable that takes

the value of one between the announcement and implementation of this restriction). According to our estimates reported in columns (7) and (8), inflows and outflows stopped almost completely even before the decision actually took effect (-99% each). Overall, all types of financial sanctions have been effective in sizably reducing payment flows of targeted Russian banks.

## 5. Conclusions

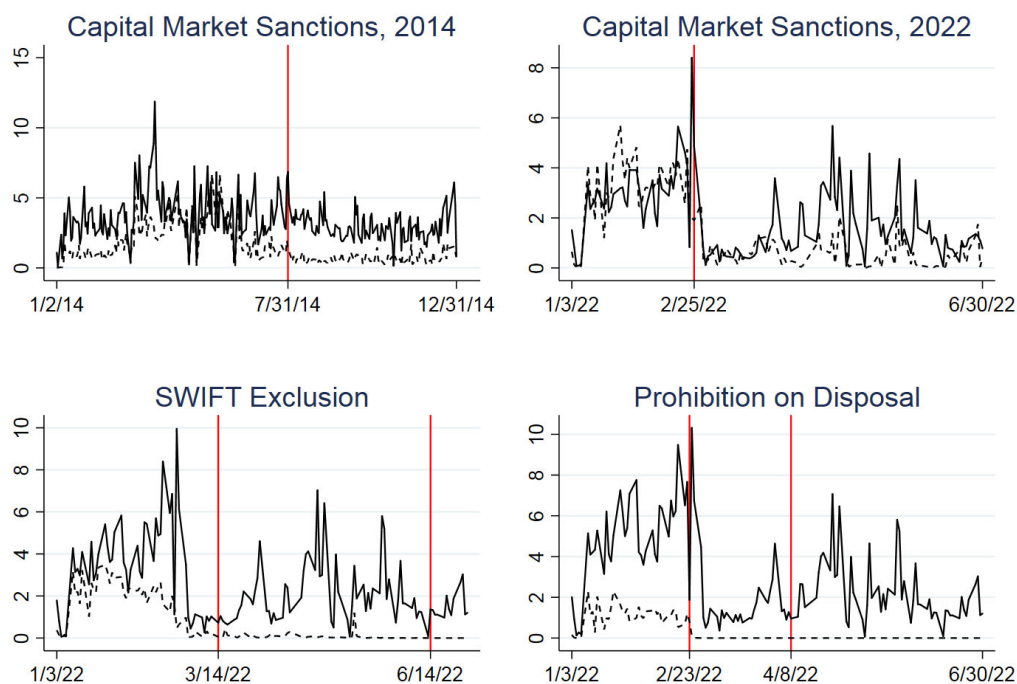
Financial sanctions have measurable economic effects. Analyzing highly disaggregated data on daily payments processed by the European TARGET2 payment system, we find that financial sanctions substantially reduce inflows to and outflows from sanctioned Russian bank accounts. The estimated effect of the 2022 sanctions on financial flows is stronger than that of the 2014 sanctions, which seems plausible since stricter measures have been implemented (including, for instance, the SWIFT exclusion). Still, our results should be interpreted with caution when it comes to the assessment of the effectiveness of sanctions. For instance, since we can only observe transactions in TARGET2, potential evasion of sanctions through other payment systems (such as CIPS) cannot be ruled out.

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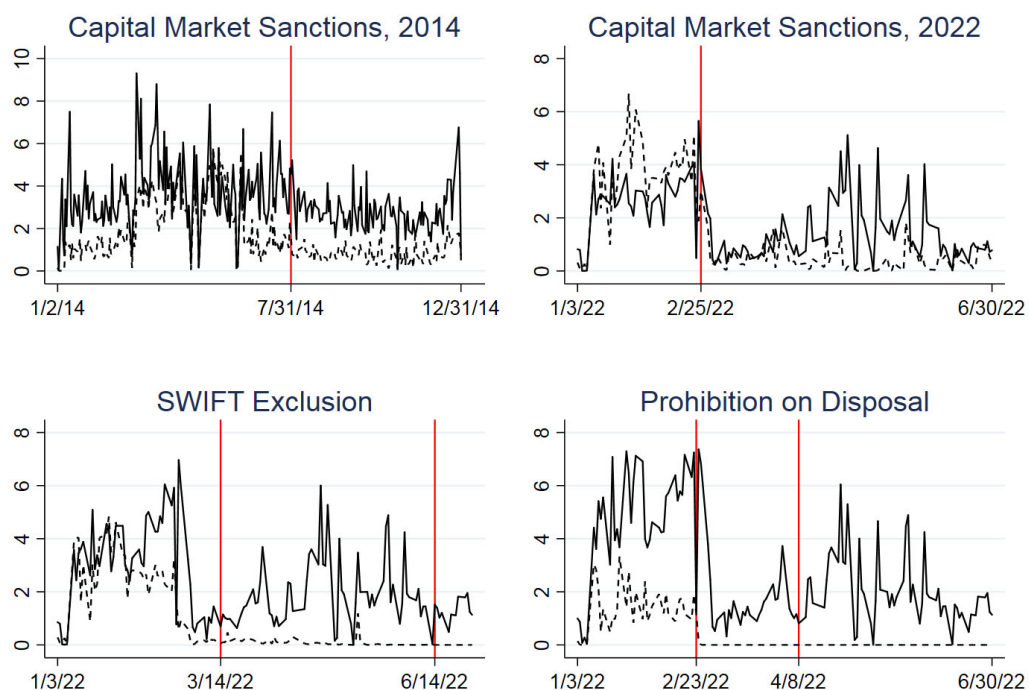
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**Figure 1: Daily TARGET2 Transactions of Russian Banks (in bn. €)**

a) Inflows



b) Outflows



Note: The solid (dashed) black line represents the payments of non-sanctioned (sanctioned) Russian banks. Red vertical lines illustrate the dates when sanctions against Russian banks were implemented.  
Source: Own calculations based on TARGET2 transactions data

**Table 1: Financial Sanctions Against Russian Banks**

| <b>Capital Market Sanctions</b>                                                                                   | <b>SWIFT Exclusion</b>                                                                                       | <b>Prohibitions on Disposal</b>                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Council Regulation (EU) 833/2014 of 31 July 2014;<br/>Council Regulation (EU) 2022/328 of 25 February 2022</b> | <b>Council Regulation (EU) 2022/345 of 1 March 2022;<br/>Council Regulation (EU) 2022/879 of 3 June 2022</b> | <b>Council Implementing Regulation (EU) 826/2014 of 30 July 2014;<br/>Council Implementing Regulation (EU) 2022/260 of 23 February 2022;<br/>Council Implementing Regulation (EU) 2022/581 of 8 April 2022</b> |
| Alfa Bank (2/25/2022)                                                                                             |                                                                                                              |                                                                                                                                                                                                                |
| Bank Otkritie (2/25/2022)                                                                                         | Bank Otkritie (3/14/2022)                                                                                    | Bank Otkritie (4/8/2022)                                                                                                                                                                                       |
| Bank Rossiya (2/25/2022)                                                                                          | Bank Rossiya (3/14/2022)                                                                                     | Bank Rossiya (2/23/2022)                                                                                                                                                                                       |
|                                                                                                                   | Credit Bank of Moscow (6/14/2022)                                                                            |                                                                                                                                                                                                                |
| Gazprombank (7/31/2014)                                                                                           |                                                                                                              |                                                                                                                                                                                                                |
|                                                                                                                   | Novikombank (3/14/2022)                                                                                      | Novikombank (4/8/2022)                                                                                                                                                                                         |
| Promsvyazbank (2/25/2022)                                                                                         | Promsvyazbank (3/14/2022)                                                                                    | Promsvyazbank (2/23/2022)                                                                                                                                                                                      |
| Rosselkhozbank (7/31/2014)                                                                                        | Rosselkhozbank (6/14/2022)                                                                                   |                                                                                                                                                                                                                |
|                                                                                                                   |                                                                                                              | Russian National Commercial Bank (7/30/2014)                                                                                                                                                                   |
| Sberbank (7/31/2014)                                                                                              | Sberbank (6/14/2022)                                                                                         |                                                                                                                                                                                                                |
|                                                                                                                   | Sovcombank (3/14/2022)                                                                                       | Sovcombank (4/8/2022)                                                                                                                                                                                          |
| VEB (7/31/2014)                                                                                                   | VEB (3/14/2022)                                                                                              | VEB (2/23/2022)                                                                                                                                                                                                |
| VTB Bank (7/31/2014)                                                                                              | VTB Bank (3/14/2022)                                                                                         | VTB Bank (4/8/2022)                                                                                                                                                                                            |

Source: European Union.

**Table 2: The Effect of Sanctions on Financial Flows**

|                                        | 2014                 |                      | 2022                 |                      |                       |                      |                       |                      |
|----------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                        | Inflows              | Outflows             | Inflows              | Outflows             | Inflows               | Outflows             | Inflows               | Outflows             |
|                                        | (1)                  | (2)                  | (3)                  | (4)                  | (5)                   | (6)                  | (7)                   | (8)                  |
| <b>Sanctions</b>                       | -1.097***<br>(0.101) | -0.863***<br>(0.242) | -1.500***<br>(0.453) | -1.617***<br>(0.488) |                       |                      |                       |                      |
| <b>Capital Market Sanctions</b>        |                      |                      |                      |                      | -1.344***<br>(0.228)  | -1.441***<br>(0.235) | -1.354***<br>(0.223)  | -1.456***<br>(0.226) |
| <b>SWIFT Exclusion</b>                 |                      |                      |                      |                      | -10.193***<br>(0.562) | -8.015***<br>(0.879) | -10.201***<br>(0.560) | -8.024***<br>(0.872) |
| <b>Prohibition on Disposal</b>         |                      |                      |                      |                      | -4.278***<br>(0.917)  | -4.374***<br>(0.845) | -4.277***<br>(0.918)  | -4.372***<br>(0.847) |
| <b>Anticipation of SWIFT Exclusion</b> |                      |                      |                      |                      |                       |                      | -4.346***<br>(0.737)  | -4.580***<br>(0.581) |
| <b># BIC</b>                           | 1,022                | 1,581                | 475                  | 518                  | 475                   | 518                  | 475                   | 518                  |
| <b># Business Days</b>                 | 171                  | 171                  | 172                  | 172                  | 172                   | 172                  | 172                   | 172                  |
| <b>Observations</b>                    | 174,762              | 270,351              | 81,700               | 89,096               | 81,700                | 89,096               | 81,700                | 89,096               |
| <b>Adj. R<sup>2</sup></b>              | 0.937                | 0.926                | 0.888                | 0.890                | 0.899                 | 0.903                | 0.900                 | 0.904                |

Notes: PPML estimation. The dependent variable is specified at the top of each column. The unit of observation is a Russian banking account (BIC11) at daily frequency. Data cover the period from April-November 2014 and from November 2021-June 2022, respectively. Banking account and daily fixed effects are included but not reported. Robust standard errors (clustered by banking account) in parentheses. \*\*\*, \*\* and \* denote significance at the 1%, 5% and 10% level, respectively.

## Appendix: Details of Sanctions Regulations (as of 29<sup>th</sup> August 2022)

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Capital Market Sanctions | <p>The sanctions are defined in detail in Article 5 of Council Regulation (EU) 833/2014: “1. It shall be prohibited to directly or indirectly purchase, sell, provide investment services for or assistance in the issuance of, or otherwise deal with transferable securities and money-market instruments with a maturity exceeding 90 days, issued after 1 August 2014 to 12 September 2014, or with a maturity exceeding 30 days, issued after 12 September 2014 to 12 April 2022 or any transferable securities and money market instruments issued after 12 April 2022 by: (a) a major credit institution, or other major institution having an explicit mandate to promote competitiveness of the Russian economy, its diversification and encouragement of investment, established in Russia with over 50 % public ownership or control as of 1 August 2014, as listed in Annex III; or (b) a legal person, entity or body established outside the Union whose proprietary rights are directly or indirectly owned for more than 50 % by an entity listed in Annex III; or (c) a legal person, entity or body acting on behalf or at the direction of an entity referred to in point (b) of this paragraph or listed in Annex III.</p> <p>2. It shall be prohibited to directly or indirectly, purchase, sell, provide investment services for or assistance in the issuance of, or otherwise deal with transferable securities and money-market instruments issued after 12 April 2022 by: (a) any major credit institution, or other institution with over 50 % public ownership or control as of 26 February 2022 or any other credit institution having a significant role in supporting the activities of Russia, its government or the Central Bank and established in Russia, as listed in Annex XII; or (b) a legal person, entity or body established outside the Union whose proprietary rights are directly or indirectly owned for more than 50 % by an entity listed in Annex XII; or (c) a legal person, entity or body acting on behalf or at the direction of an entity referred to in point (a) or (b) of this paragraph.”</p> |
| SWIFT Exclusion          | <p>According to Article 5h of Council Regulation (EU) 2022/345: “1. It shall be prohibited to provide specialised financial messaging services, which are used to exchange financial data, to the legal persons, entities or bodies listed in Annex XIV or to any legal person, entity or body established in Russia whose proprietary rights are directly or indirectly owned for more than 50 % by an entity listed in Annex XIV.</p> <p>2. For each legal person, entity or body listed in Annex XIV, the prohibition set out in paragraph 1 shall apply as of the date mentioned for it in that Annex. The prohibition shall apply as of the same date to any legal person, entity or body established in Russia whose proprietary rights are directly or indirectly owned for more than 50 % by an entity listed in Annex XIV.”</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Prohibitions on Disposal | <p>In Article 2 of Council Regulation (EU) 269/2014 it is specified: “1. All funds and economic resources belonging to, owned, held or controlled by any natural persons or natural or legal persons,</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|  |                                                                                                                                                                                                                                                                                                           |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>entities or bodies associated with them as listed in Annex I shall be frozen. 2. No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of natural persons or natural or legal persons, entities or bodies associated with them listed in Annex I.”</p> |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|