



What You Need to Know About Recent Sanctions Against Russia

Corporate, Securities, and Governance



Russia's invasion of Ukraine has been met with [international](#) scrutiny and action. Because Ukraine is [not part of the North Atlantic Treaty Organization \(NATO\)](#), the 30 NATO member countries, including the United States, France, Spain, and Germany, have not sent their militaries into Ukraine in an effort to deescalate.

However, many countries are using financial and trade sanctions to punish Russia for the invasion.

What sanctions have been implemented?

SWIFT's financial cut-offs

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) is an international bank messaging system that provides information on financial transactions and payments between banks.

The European Commission, United Kingdom, United States, France, Germany, and Italy agreed on Feb. 26, 2022, to [bar sanctioned Russian banks from the SWIFT system](#), which will make it more difficult for those banks to execute financial transactions.

Instead of using SWIFT, sanctioned Russian banks will only be able to communicate payment and transaction information outside of Russia by telephone or fax, [or through alternative channels that are much less widespread than SWIFT](#). As a result, the [Russian ruble collapsed](#) on Feb. 28.

Nord Stream 2 pipeline decertified

Nord Stream 2 is a US\$11 billion pipeline that was recently completed and runs under the Baltic Sea from Russia to Germany to supply natural gas to Europe.

The [United States sanctioned the company](#) that runs the pipeline, and Germany announced it will not certify the pipeline for operation, because of Russia's invasion of Ukraine. While the short-term effect of sanctioning the pipeline will drive up the price of natural gas in Europe and the United States, other countries can export large amounts of liquified natural gas to Europe to help with the shortage.

Russia is now engaged in entering into a [deal to sell natural gas to China](#). American oil companies are [terminating agreements made with their Russian energy counterparts](#).

Airspace shutdown

[EU member countries shut down airspace](#) into Russia and, in retaliation, Russia banned flights from EU countries into the country. The shutdown affects passenger travel and cargo transportation. Companies will need to realign business travel and export plans around the world.

Canada and the United States have [also banned Russian aircraft](#) from their airspace. Reciprocal flight bans have upended global aviation networks, forcing airlines to scrap flights and take more circuitous routes.

Russian bank assets frozen

The [US Treasury Department froze Russian](#) bank assets on Feb. 28, 2022, and its Office of Foreign Asset Control (OFAC) is prohibiting US citizens from engaging in transactions with the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, and the Ministry of Finance of the Russian Federation.

The US Treasury's action comes on the heels of OFAC sanctioning a key Russian sovereign wealth fund — the Russian Direct Investment Fund (RDIF) — and its CEO Kirill Dmitriev. [Euroclear has also frozen](#) Russian assets.

Will the sanctions lead to cyberattacks?

An increase in [Russia-based cyberattacks](#) is expected following the imposition of sanctions. Cyber-attacks might target and impair the US electric transmission grid. Also, large companies that deal with critical infrastructure could see their computer systems hacked.

Which countries are imposing sanctions?

Besides NATO countries, Australia, China, Japan, New Zealand, Singapore, Switzerland, and Taiwan, announced [sanctions](#).

Learn more about actions taken by countries sanctioning Russia and countries condemning it:

Finland Sends Additional Aid to Ukraine

Norway Strongly Condemns Russian Attacks

Government of Spain Calls on Russia to Immediately End the Military Invasion of Ukraine

European Commission Joint Statement on Further Restrictive Economic Measures

Switzerland Adopts EU Sanctions Against Russia

US Commerce Department Implements Sweeping Restrictions on Exports to Russia in Response to Further Invasion of Ukraine

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