



10.03.2022

Questions and answers on the financial sanctions against Russia

Sanctions in general

Why is Switzerland implementing EU financial sanctions against Russia?

- It is crucial for Switzerland to ensure the integrity of its financial centre. Consequently, Switzerland is fully implementing the EU sanctions in the financial sector.
- Internationally active Swiss banks and insurance companies, the stock exchange and commodity firms, for example, have been keeping a very close eye on the international sanctions and implementing them.

How quickly can Switzerland adopt new EU sanctions?

- The final texts of EU regulations must be available before Switzerland can make any adjustments.
- Moreover, in order to prevent any circumvention beforehand, Switzerland does not announce the actual implementation until the measures enter into force.
- The entry into force of the first package of measures within four days, on 28 February 2022, showed that Switzerland can assume its responsibility quickly and efficiently.

SWIFT

SWIFT is a messaging network used to transmit payment instructions securely and quickly. It is not a payment system, and no funds are transferred via SWIFT. Organised as a cooperative, SWIFT is privately owned (mainly by banks).

Does Switzerland support the exclusion of Russian banks from the international SWIFT system for the exchange of payment instructions?

- Switzerland supports the exclusion of some Russian SWIFT members (banks) and will not permit any circumvention.
- In actual fact, neither the Swiss authorities nor the Swiss SWIFT members have any influence on the exclusion, as SWIFT can exclude them directly. In other words, they are blocked in the system.

What collateral damage is possible in the context of SWIFT?

- Internationally, uncertainty could arise for payment transactions and the financial system if the sanction is not clearly defined. According to current estimates, the threat to the Swiss financial sector's stability is low.
- The move could have an impact on Swiss companies that depend on smooth payment transactions with Russian clients or suppliers.



One of the SWIFT data centres is located in Switzerland, in Diessenhofen. How might this affect Switzerland?

- As hardware, the data centre plays no role in terms of possible restrictions or the exclusion of SWIFT members.
- The headquarters are in Belgium, which means that SWIFT is subject to Belgian and EU law and is bound by EU sanctions.

Cryptoassets

Do Swiss sanctions also apply to cryptoassets?

- Swiss legislation is technology-neutral and concerns both traditional uncertificated securities and cryptoassets.
- That is why both are mentioned in the ordinance for the purpose of adopting the EU sanctions. Apart from that, in Switzerland "means of payment" also includes virtual currencies due to the Money Laundering Ordinance.

Commodity trading

Can Switzerland independently sanction Russia by suspending commodity trading?

- The Embargo Act does not give the Federal Council the possibility of independently imposing sanctions.
- In practice, internationally active commodity trading firms comply with EU and above all US sanctions, irrespective of their location.
- So far, commodity trading has only been subject to very selective EU and US sanctions, as they could have ramifications for the supply of energy in Western Europe.
- Commodity trading plays an important role in global supply. It concerns trading not only in oil/gas, but also in foodstuffs (grain) and metals.

Will SWIFT exclusion affect commodity traders?

- Commodity traders will no longer be able to exchange SWIFT messages with sanctioned Russian members of SWIFT, which may make it difficult or impossible to finance and hedge transactions.
- It is to be expected that Western banks will exercise extreme restraint in doing business with Russian counterparties.
- Markets are likely to be turbulent in the days and weeks ahead.

Financial sector

How important is Russia for the Swiss financial centre?

- Russian direct investments in Switzerland account for only **1% of foreign direct investment** in Switzerland.
- Less than 2% of Russian central bank money is held at Swiss banks – **not at the SNB.**



- The SNB has **no business relations** with the Russian central bank. Neither assets nor liabilities exist between the two central banks.
- The percentage of Russian assets relative to total cross-border assets managed in Switzerland is in the **low single-digit range**.

Conclusion: Russia is not one of Switzerland's most important partners in terms of financial relations.

How are Swiss banks affected by the sanctions?

Due to their interconnectedness with the international capital market, banks in Switzerland have been keeping a very close eye on the international sanctions and implementing them. Legal implementation in Switzerland increases legal certainty.

Which Russian banks in Switzerland are affected?

See the list of banks on the EU sanctions list.

Do the people listed by the EU also have accounts in Switzerland?

This is likely to be at least partly the case. The banks concerned know precisely. However, there is no central list or registry with the names of Russian holders of bank accounts in Switzerland.

Does Russia's President Putin have an account in Switzerland?

All that matters is that Swiss banks have an obligation in any case and the rules are clear regarding the implementation of the sanctions.

Is it still possible to accept deposits and pay out funds with the Swiss sanctions?

With the adoption of the EU sanctions, account transactions are no longer possible for those on the sanctions list.

What is the situation for clients who have dual citizenship (e.g. Russia/Switzerland)?

The sanctions apply to everyone on the EU sanctions list.

Has Switzerland adopted the sanctions for the Russian central bank? What does that entail?

Switzerland is also applying these measures. A first set was adopted on 28 February 2022, e.g. no trading in securities of the Russian central bank, no loans, no issuance of securities of the Russian central bank. A second set is included in the EU's third package, i.e. restriction of the central bank's access to its foreign exchange reserves. Switzerland will apply this too.

To what extent are Russian government bonds traded in Switzerland?

No Russian government bonds are traded on SIX.



Does the Federal Council have knowledge of the volume of trading in shares of Russian companies in Switzerland?

Yes, trading in shares of Russian companies in Switzerland is negligible.