
Shipping & International Trade

Singapore Announces Implementation of Sanctions Against Russia

Introduction

This Update is a continuation of our Client Updates regarding Singapore's implementation of sanctions against Russia: see our previous Updates dated 28 February 2022 (available [here](#)) and 2 March 2022 (available [here](#)).

On Saturday, 5 March 2022, the Ministry of Foreign Affairs ("**MFA**") issued a Press Release together with two annexed Factsheets (collectively, "**MFA Press Release**") (available [here](#)) setting out how the Singapore Government intends to implement sanctions against Russia. Broadly, the current and anticipated sanctions are as follows:

- (a) A ban on the export, transit, and transshipment to Russia of strategic military and high technology goods which can be used for both commercial and military purposes ("**Export Ban**"); and
- (b) Prohibitions imposed on financial institutions¹ in Singapore against dealing with, among other things, four designated Russian banks as well as fund-raising activities benefiting the Russian government ("**Financial Dealing Ban**").

On 7 March 2022, in response to the MFA Press Release, the Singapore Exchange Limited ("**SGX**") announced that the admission to trading of the PJSC Gazprom GDR (Global Depository Receipts) has been suspended. SGX noted that the Russian government is the ultimate controlling party of Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50% in it.

Please find below a summary of these latest developments.

Scope of Sanctions

The Export Ban

Singapore Customs will no longer approve any permits for the export, transit, or transshipment to Russia of any goods which are (a) on the List of Military Goods under the Strategic Goods (Control) Order 2021 ("**SGCO**"); (b) falling within any of the category codes under Category 3 –Electronics, Category 4 –

¹ Financial institutions include banks, insurers, capital markets intermediaries, finance companies, securities exchanges, and payment service providers.

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Computers, and Category 5 – Telecommunications and "Information Security", on the List of Dual-Use Goods under the SGCO. Such goods include electronics, computers and military weapons or their parts, as well as high technology goods that could be used for both commercial and military purposes.

The Financial Dealing Ban

The Monetary Authority of Singapore ("**MAS**") will issue directions setting out the details of the following prohibitions against the financial institutions in Singapore:

- (a) Entering into transactions or establishing business relationships with four Russian banks:
- i. VTB Bank Public Joint Stock Company (i.e., VTB);
 - ii. The Corporation Bank for Development and Foreign Economic Affairs Vnesheconombank (i.e., VEB);
 - iii. Promsvyazbank Public Joint Stock Company (i.e., PSB); and
 - iv. Bank Rossiya,

(collectively, "**Designated Russian Banks**").

Financial institutions in Singapore must also freeze any assets and funds of any of the Designated Russian Banks.

- (b) Providing financing or financial services in relation to the export from Singapore or any other jurisdiction of goods subject to the Export Ban.
- (c) Providing financial services in relation to designated Russian non-bank entities which are involved in activities described in (b) above. Where there are existing business relationships, financial institutions must freeze any assets and the funds of these designated entities. Details on the designation of non-bank entities have yet to be announced.
- (d) Entering into transactions or arrangements, or providing financial services that facilitate fund raising by:
- i. the Russian government;
 - ii. the Central Bank of the Russian Federation;
 - iii. any entity owned or controlled by them or acting on their direction or behalf.

The prohibitions apply to buying and selling new securities, providing financial services that facilitate new fund raising by, and making or participating in the making of, any new loan to the above entities. The Singapore Government and MAS will also cease investing in newly issued securities of the above entities.

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- (e) Entering into transactions or providing financial services in relation to the transport, telecommunications, energy, and prospecting, exploration and production of oil, gas and mineral resources sectors in the breakaway regions of Donetsk and Luhansk.
- (f) Entering into or facilitating any transactions involving cryptocurrencies, to circumvent any of the prohibitions in (a) to (e) above. The prohibited cryptocurrency transactions cover all transactions that involve cryptocurrencies and extend to the payment and settlement of transactions that relate to digital assets (such as non-fungible tokens).

Concluding Remarks

Singapore is the only Southeast Asian nation to have imposed sanctions against Russia. Given the Export Bans, exporters and shippers can expect more stringent checks by Singapore Customs and they should also inspect the items that are to be exported to ensure that they are accurately described in any permit application.

Furthermore, given the extension of the Financial Dealing Ban to cryptocurrencies, financial institutions should examine closely all transactions with any typological link to Russia, cease their investments into newly-issued Russian securities backed by the Russia Government or the Central Bank of the Russian Federation, and cease their transactions with any of the Designated Russian Banks.

In line with Dr. Vivian Balakrishnan's Ministerial Statement on 28 February 2022 ("**Ministerial Statement**"), the Export Ban and Financial Dealing Ban each mirrors, to some degree, existing sanctions imposed by other jurisdictions against Russia. For example, each of the Designated Russian Banks has already been sanctioned by the United States of America, the European Union, as well as the United Kingdom. Singapore's sanctions against Russia also reflect the reputational risk of dealing with Russia, which several businesses have already decided to avoid. For example, three of the world's largest shipping lines (MSC, Maersk, and CMA CGM) have already announced that they would halt cargo bookings to and from Russia until further notice.

The MFA Press Release also suggests that Singapore may consider imposing additional sanctions against Russia. Such additional sanctions may potentially include an asset freeze against designated Russian oligarchs with ties to the Russian Government and a prohibition against dealing with and/or financing the purchase of Russian exports.

Issuers listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") are reminded to take note of the Guidance on "What SGX expects of issuers in respect of sanctions-related risks, subject or activity" issued by the Singapore Exchange Regulation ("**SGX RegCo**") on 7 March 2022. The Guidance sets out SGX's expectations if an issuer, or any person or entity closely associated with the issuer, is exposed to sanctions-related risks. These requirements are also applicable to the issuer's subsidiaries

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and associated companies. Among other things, the SGX Guidance highlights that all issuers must assess if they have exposure or nexus to sanctions-related risks on an ongoing basis. Where the issuers assess, or are aware, that there has been a material change in the issuer's risk of being subject to sanctions, the issuer should immediately announce the inherent risk exposure on SGXNET, stating the details as prescribed by SGX RegCo. SGX may query or require the issuer to take steps to address the sanctions-related risks including suspension of the issuer's securities. Where the impact is material or affects the issuer's ability to operate as a going concern, or where sanctions risks cannot be remediated within a reasonable period of time, the issuer should suspend trading in its securities. For the full text of the SGX RegCo Guidance that details the requirements applicable to a listed issuer in managing sanctions-related risks, click [here](#).

Additionally, the Russian Embassy in Singapore has responded to the Ministerial Statement, describing Singapore's decision to impose sanctions on Russia as one which *"circumvent[s] the UN Security Council"*, and that it *"runs against the friendly relations between Russia and Singapore"*. Retaliatory steps by Russia against Singapore and/or Singapore business interests in Russia cannot be ruled out.

To-date, despite strong condemnation in the United Nations General Assembly, as well as a swath of sanctions imposed by various jurisdictions, there are no signs of Russian forces withdrawing from Ukraine. Further military escalation therefore seems likely, and an expansion sanctions against Russia by Singapore and other countries cannot be ruled out. Financial institutions in Singapore, corporates, as well as individuals with ties to Russia should therefore exercise caution in their dealings with Russia and/or Russian interests

We will continue to monitor developments and will provide further updates once the relevant legislation has been enacted.

For more information on these latest sanctions and how your business might be affected by them, please feel free to approach our team below.

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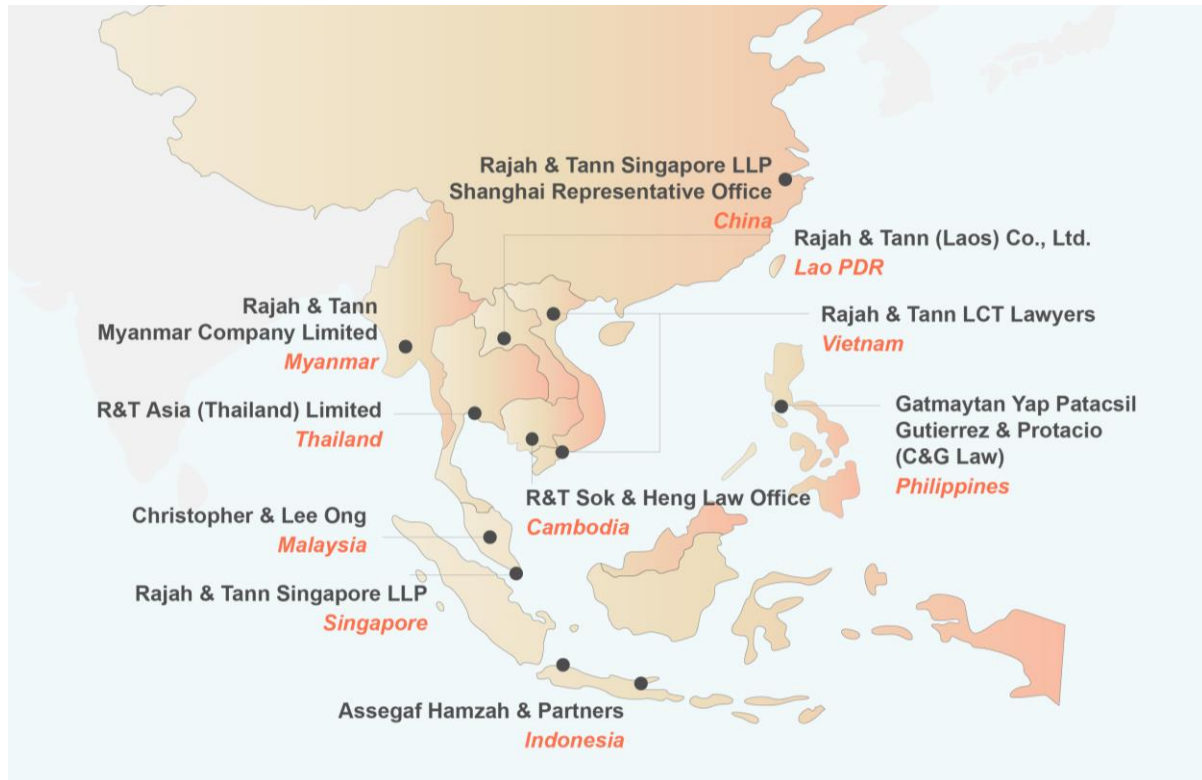
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