

Russia Sanctions – Compliance Guide

FAQ FOR NGOS



SINGAPORE

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Since the Russian invasion of Ukraine, countries and regional organisations around the world have imposed sanctions on Russia and Belarus, as a means of putting pressure on Russia's government to end the invasion. These sanctions take different forms and have different targets (sectors/individuals/companies etc.).

While the objective of these sanctions is not to affect organisations such as NGOs who operate in or have links with Russia, inevitably these sanctions might have a direct or indirect impact on them.

The following questionnaire has been created to collect legal research, that will in turn help NGOs understand how sanctions regimes might impact them and to understand how some of these risks could be managed.

Jurisdiction	Singapore
Date Last Updated	27 May 2022

Public regulatory/executive body responsible for Sanctions

The Monetary Authority of Singapore ("MAS") is responsible for enforcing financial sanctions, while Singapore Customs is responsible for enforcing trade sanctions and export controls. The Ministry of Home Affairs and the Ministry of Foreign Affairs in Singapore will also communicate sanctions-related developments..

Consolidated List

On 5 March 2022, the Singapore Ministry of Foreign Affairs ("MFA") formally released Singapore's sanctions against Russia (the "Sanctions Regime"). The Sanctions Regime is supported by two notices issued by the MAS to financial institutions under the Monetary Authority of Singapore Act 1970 ("Notice SNR-N01" and "Notice SNR-N02", collectively the "Notices") on 14 March 2022.

Altogether, the Notices provide for a framework of the current Sanctions Regime which extends along two (2) main categories:

- export controls on items that may be used as weapons in Ukraine or to contribute to cyberwarfare; and
- financial measures to which all financial institutions in Singapore are subject to, which target a list of named Russian banks and entities, as well as fundraising activities benefiting the Russian government (such as raising funds via the issuance of government bonds, etc.).

For the purpose of the Notices, a financial institution is defined as any person licenced or otherwise regulated under any applicable Singaporean law or regulatory authority, including those persons exempted from such licencing or regulatory requirements.

Firstly, in relation to export controls, a ban is implemented on the exporting, transiting and transshipping of all items under the Strategic Goods (Control) Order 2021, which includes those items that:

- are listed as "Military Goods"; and/or
- fall under the "Electronics", "Computers", and "Telecoms and Information Security" categories of the List of Dual-Use Goods, including those items which can have both a military and commercial application.

Secondly, with regards to financial measures, all financial institutions in Singapore are prohibited from:

- entering into transactions, or establishing business relationships, with four specified Russian banks, namely VTB Bank PJSC, The Corporation Bank for Development and Foreign Economic Affairs, Vnesheconombank, Promsvyazbank PJSC and Bank Rossiya. For existing relationships with these listed banks, all financial institutions must freeze any assets and funds;
- providing financing or financial services in relation to the exporting of goods subject to Singapore's export controls, from Singapore or any other jurisdiction;
- providing financial services to designated Russian non-bank entities involved in the export of controlled goods. For existing relationships with these entities, all financial institutions must freeze any assets and funds. However, details of which entities fall under this category are yet to be provided;
- facilitating fundraising activities by the Russian government and its central bank, or any entity owned or controlled by them or acting on their behalf. This applies to the sale and purchase of new securities, and prohibits participation in making, or financial services that facilitate new fundraising by, any new loan to these entities;
- entering into transactions or providing financial services in the (i) transport, (ii) telecommunications, (iii) energy and (iv) prospecting, exploration and production of oil, gas and mineral resources sectors in Donetsk and Luhansk; and
- entering into or facilitating any transactions involving cryptocurrencies which circumvent the above prohibitions.

Financial institutions are required to freeze any funds or assets of sanctioned banks and entities, and ensure such funds or assets are not available for their benefit. The notice also requires every financial institution to immediately inform the MAS if it:

- has information about any prohibited transaction or transaction involving sanctioned entities; or
- possesses or controls funds or assets in Singapore that are owned or controlled by sanctioned banks or entities.

Relevant Guidance

The Sanctions Regime released by the Singapore Ministry of Foreign Affairs can be found .

Please see the Notices below:

- <https://www.mas.gov.sg/-/media/MAS-Media-Library/regulation/anti-money-laundering/targeted-financial-sanctions/MAS-Notice-SNRN01-14-Mar-2022final.pdf?la=en&hash=4B03AD1146B48D9C499268EC919285BE35634A9C>
- <https://www.mas.gov.sg/-/media/MAS-Media-Library/regulation/anti-money-laundering/targeted-financial-sanctions/MAS-Notice-SNRN02-14-Mar-2022final.pdf?la=en&hash=8D8B7C6DB85B8FDE7D39827E28FD947EAFED2CB4>

Key Points to note

Do the Russia Sanctions apply to you?

Is there any reason to think that you have any connection to Russia or Russians?

At present, only financial institutions are subject to financial sanctions under the Sanctions Regime. Unless an NGO has dealings and / or links with the sanctioned entities listed above, it is unlikely that it would fall within the scope of the Sanctions Regime in Singapore.

However, it should be noted that there is limited clarity as regards the financial impact of Sanctions Regime for non-financial institutions, and NGOs are recommended to err on the side of caution and cease dealings with the listed banks above, and cease, if not minimise interactions with affected Russian entities or individuals. We recommend guidance and direction is taken from the notices of 14 March 2022 (even if applicable only to financial institutions).

Additionally, unless an NGO is exporting items that may be used as weapons or contribute to offensive cyber operations, such as technology and software that may have a military use, beyond just a commercial purpose, it is unlikely that it would fall within the scope of the Sanctions Regime in Singapore.

With which sanctions regimes may you and/or your employees need to comply as a matter of law?

NGOs are encouraged to closely monitor the evolving international landscape relating to Russia's actions in Ukraine and should contemplate not just Singapore's Sanctions Regime, but also the sanctions regimes of other applicable jurisdictions (e.g. U.S., EU, UK) commensurate with their profile and activities.

Have you agreed to comply with sanctions with which you would not be required to comply as a matter of law by contractual agreements (e.g. with lenders, in donor agreements)?

In light of the Sanctions Regime, all companies need to assess their risk profile in light of the Notices and conduct careful KYC checks/due diligence to ensure that they are acting in concert not just with the Sanctions Regime in Singapore, but also with the regimes of any other applicable jurisdictions such as the UK, EU and US.

For example, many of the US sanctions imposed have an extra-territorial element. As such, businesses should be aware that UK, EU and US nationals will be required to adhere to the sanctions imposed by those respective jurisdictions, even if the companies and third parties they work for do not. Contractual counterparties based in jurisdictions with strict sanction frameworks will be obliged to comply and may be able to rely on protective language to excuse themselves of contractual performance.

As the current Sanctions Regime focuses exclusively on financial institutions at this point in time, such institutions in Singapore must be cautious not to enter into transactions with sanctioned entities or their affiliates and to cease investments into Russian securities backed by the Russian government or its central bank. With regards to the applicable export controls limb of the Sanctions Regime, businesses involved in those areas must be especially aware of their goods which may have a military application and be high-risk as a result.

Aside from the applicable Sanctions Regime, companies on a general level, including NGOs, must be mindful of the reputational risk which comes with dealing with Russia at this point in time – a varied range of international businesses, ranging from commodity shippers to household goods brands, have already suspended their operations in Russia.

Connections with Russian Individuals and Businesses

Are you engaging with any person specifically targeted by any of these sanctions?

N/A – The MFA has yet to provide further details of persons specifically targeted by these sanctions.

Are you engaging with any entity owned or controlled by any of these sanctions?

Current information and resources in connection with, and relating to, the Sanctions Regime which may help assist NGOs in determining whether they are dealing with sanctioned entities can be found .

This will include any forthcoming updates in connection with non-bank entities, which are yet to be specified by the MAS.

Are you importing or exporting any goods that may be subject to import/export restrictions?

As noted above, the export controls limb of the Sanctions Regime provides for a ban on the export, transit and transshipment of all items under the Strategic Goods (Control) Order 2021, including items which:

- are listed as “Military Goods”; and
- fall under the “Electronics”, “Computers”, and “Telecoms and Information Security” categories of the List of Dual-Use Goods, featuring such items which can have both a military and commercial application.

Unless the NGO in question has a very specific purpose/goal (which will require scrutiny on a case-by-case basis), it is unlikely that general purpose charitable work will be caught under the above items ban.

Do you have any involvement with activities in the Donetsk, Luhansk and Crimea regions, which are subject to specific regimes?

Involvement with activities in connection with Donetsk and Luhansk regions is specifically listed under the financial measures arm of the Sanctions Regime.

This means that entering into transactions or providing financial services in the (i) transport; (ii) telecommunications; (iii) energy and (iv) prospecting, exploration and production of oil, gas and mineral resources sectors within the breakaway regions of Donetsk and Luhansk is prohibited.

It is likely that any engagement with parties in those listed regions will be very problematic for an NGO, even if its activities do not directly relate to transactions or financial services in the sectors listed above.

Payments and Investments

Do you have a charitable trust or foundation that might involve dealing with equity/debt instruments issued by, or making loans available to Russian state owned companies, persons connected with Russia, or the Government of Russia?

The current Sanctions Regime features financial measures, which affects financial institutions in Singapore and prohibits such institutions from facilitating fundraising activities by the Russian government and its central bank, or any entity owned or controlled by them or acting or their behalf.

This applies to the sale and purchase of new securities, and prohibits participation in making, or financial services that facilitate new fundraising by, any new loan to these entities. Notably, it also includes the entering into or facilitating of transactions involving cryptocurrencies which could be used to circumvent the above prohibitions.

As such, it is currently unclear how will the Sanctions Regime affect NGOs which are prima facie unlikely to be dealing with financial instruments or dealing with fundraising activities connected with the Russian government or its central bank (such as sovereign bond issues).

However, the extension of this prohibition to cryptocurrencies is noteworthy given that a number of institutions, including charities, have in recent years adopted payments and/or donations by alternative means, such as using Bitcoin and other cryptocurrencies. In any event, further clarity is needed on how the Sanctions Regime may affect NGOs, which will hopefully be included in forthcoming updates regarding non-bank entities to be specified by the MAS.

Are you affected by restrictions on processing funds (e.g. making payments where Russian banks have been removed from SWIFT)?

N/A – further details of which entities fall under this category is expected to be released by the MFA in due course. At present, only financial institutions are subject to financial sanctions under the Sanctions Regime.

Are you affected by restrictions on access by Russian individuals to local bank accounts?

N/A – further details of which entities fall under this category is expected to be released by the MFA in due course.

Are there any sanctions that apply to using or trading cryptoassets?

See first question on Payment and Investments above.

Exemptions and Other Points to Note

To the extent there are restrictions which apply, can you apply to relevant authorities for licences, e.g. “in connection with the performance of any humanitarian assistance activity”?

N/A

Other points to consider

N/A