

**Embargo:**

**Release Date:** March 1, 2022

**Contact Information:** Oh, Jae-woo (044-215-4710/International Finance Division)

SANCTIONS AGAINST RUSSIA

## **KOREAN GOVERNMENT ANNOUNCES DETAILS ON FINANCIAL SANCTIONS AGAINST RUSSIA**

The Korean government, as a responsible member of the international community, officially announced on February 28 that it would join international sanctions against Russia. Further to such decision, the government today unveils the details and substance of the sanctions based on close consultation among the relevant ministries and with the U.S. Department of Treasury.

The Korean government will actively participate in the following three sanctions: (i) prohibiting transactions with major Russian banks, (ii) suspending investment in Russian treasury bonds, (iii) removing Russian banks from the SWIFT messaging system.

### **1. Prohibiting transactions with major Russian banks**

The government has decided to suspend financial transactions with seven major Russian banks *Sberbank, VEB, PSB, VTB, Otkritie, Sovcom, Novikom* and their affiliated entities.

The transaction suspension is to be applied in accordance with the U.S. wind-down period of sanctions for each aforementioned bank and the same level of exceptions will be allowed for the transactions involving the sectors and banks that are covered by U.S. General Licenses.

Korean financial institutions will need to thoroughly enforce suspension of financial transactions with sanctioned banks by conducting customer due diligence, complying with internal controls procedures based on the relevant laws including monitoring related financial transactions, and giving prior notification to customers. The government will also conduct periodical assessment to review and ensure the compliance of the sanctions imposed.

### **2. Suspending investment in Russian treasury bonds**

The government strongly urges public and private financial institutions to suspend transactions of all Russian treasury bonds issued following March 2 in the primary and secondary markets.

Particularly, the government will actively work to induce public institutions to participate in suspending transactions of Russian treasury bonds in line with the government's commitment to joining global financial sanctions against Russia. The private financial institutions will also need to pay special attention to preventing related transactions from taking place so that the financial sanctions can be enforced effectively.

### **3. Removing Russian banks from the SWIFT**

The Korean government supports the expulsion of Russian banks from the SWIFT system and is ready to implement the sanctions that would be imposed by the EU immediately when the details of the measures, including the selection of Russian banks and the time of imposition, are announced.

The government asks Korean financial institutions to take all necessary steps which include managing internal controls procedures and transactions monitoring systems to ensure that aforementioned measures can be effectively and smoothly executed at home and abroad as soon as the time of imposition and the banks subject to sanctions are announced.

Given the unprecedented nature of these measures, financial institutions must make sure not to create any confusion associated with transactions with businesses and overseas Koreans.

Lastly, the Korean government will determine and execute additional sanctions in accordance with the demand from the international community while closely monitoring the Ukraine situation and global sanctions against Russia including those of the U.S. and the EU nations.