

Sanctions

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Since the Russian invasion of Ukraine in February 2022, sanctions have become one of the central concerns of the Swiss financial centre. Switzerland applies sanctions under the Embargo Act, which allows the Federal Council to adopt coercive measures to implement sanctions decided by the United Nations, the Organisation for Security and Co-operation in Europe or Switzerland's principal trading partners. In practice, Switzerland adopts most of the sanctions of the European Union and implements them through ordinances of the Federal Council administered by the State Secretariat for Economic Affairs, SECO.¹

The decision of the Federal Council on 28 February 2022 to adopt the sanctions of the European Union against Russia marked a turning point in Swiss sanctions policy. Citing its neutrality, Switzerland had previously been reluctant to adopt the sanctions of other states and had in some cases limited itself to measures preventing the circumvention of foreign sanctions through Switzerland. The scale of the Russian assets in Swiss banks, estimated at tens of billions of francs, and the importance of Swiss commodity traders in the Russian trade made the Swiss decision particularly significant.²

The implementation of sanctions requires financial intermediaries to screen their clients and transactions against the lists of designated persons, to freeze the assets of designated persons and of entities they own or control, to report frozen assets to SECO and to refuse transactions that would circumvent the sanctions. Violations are criminal offences under the Embargo Act. The determination of ownership and control, which Part C mentioned in connection with the seizure of the Basel Mission's property in the First World War, is one of the most difficult tasks of sanctions compliance, since designated persons often hold their assets through complex chains of companies and trusts.³

Sanctions

The practitioner who advises on sanctions in Switzerland must take three regimes into account. The Swiss sanctions apply directly. The sanctions of the European Union affect Swiss institutions through their European operations and their European counterparties, while those of the United States have extraterritorial reach through the dollar clearing system and the secondary sanctions. The interaction of these regimes creates conflicts and uncertainties that require careful legal analysis. The author, who is a certified export compliance officer and has advised on sanctions and export control for many years, has seen how the Swiss financial centre has had to adapt to a world in which sanctions have become an instrument of geopolitics.

1 Notes

1. Federal Act of 22 March 2002 on the Implementation of International Sanctions (Embargo Act, EmbA, SR 946.231); Ordinance of 4 March 2022 on Measures in connection with the Situation in Ukraine (SR 946.231.176.72), administered by SECO. To be verified. ↩
2. On the decision of the Federal Council of 28 February 2022 to adopt the EU sanctions against Russia and the amounts of frozen Russian assets reported by SECO, see the publications of SECO. Figures to be verified. ↩
3. On the criminal provisions of the Embargo Act (Art. 9 and 10 EmbA) and the obligations of financial intermediaries to freeze and report assets of designated persons, see SR 946.231 and the guidance of SECO. To be verified. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/basel-sanctions