NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

RUSSIA SANCTIONS GUIDANCE
AUGUST 2026

Russia Sanctions and Financial Transactions

What this guidance covers

This note is intended to provide guidance for financial transactions involving persons in New Zealand and persons in Russia, in relation to the Russia Sanctions Act 2022 and Russia Sanctions Regulations 2022.

Notes

- This guidance does not constitute legal advice.
- It is not intended to provide guidance in relation to United Nations sanctions, or sanctions regimes of other countries relating to Russia or otherwise.
- Examples are provided to assist people and entities in meeting their obligations under the Act and Regulations but are not intended to be definitive or exhaustive.
- This guidance will be updated over time. Please continue to check the MFAT website to ensure you are using the most recent version of this guidance.
- If you have any questions about this guidance, please contact the team at the New Zealand Sanctions Unit at sanctions@mfat.govt.nz.
- Please be aware that even if your transaction is permitted under the Russia Sanctions Regulations, constraints on payments with Russia may still prevent the completion of transactions.

Document version information

VERSION NUMBER	DESCRIPTION	DATE
1.0	First issue	12 SEPTEMBER 2022
2.0	Statutory Review Implementation	7 AUGUST 2026

Contents

Interpretation Note

- The phrases "dealing with" and "for the benefit of" in the Russia Sanctions Regulations 2022 are deliberately drafted to have broad capture.
- "Dealing with" as defined in the Russia Sanctions Act 2022, extends beyond conventional transactions to include a wide range of interactions with assets or services. Both active participation and passive or enabling conduct can fall within scope.
- "For the benefit of" is intended to capture situations where a designated person derives any advantage from the interaction, whether directly or indirectly. The breadth of this phrase allows decision-makers to look through corporate, trust, or other structures to identify the economic of the economic benefit, who may still be subject to the prohibition.
- The new prohibition on dealing with assets, securities or services for the purpose of "evading or circumventing a sanction" is intended to prevent arrangements that undermine the operation of New Zealand's sanctions regime. It applies whether the conduct is carried out directly by a sanctioned person, through intermediaries, or any other third party.

Definitions

- "*Designated*" refers to an asset, person or service to which a sanction has been applied.
    - "Designated" and "sanctioned" are used interchangeably in this Note.
- *"Person"* means an individual or an entity, including a bank.
- *"Restricted asset"* means an asset referred to in regulation 10(2), or (3) (or 10A(1)(b)).
- *"Sanctioned person"* is a person, who is or is in a class of persons, that is listed in Schedule 2 of the Regulations.

1. Relevant provisions of the Russia Sanctions Act 2022 (the Act) and the Russia Sanctions Regulations 2022 (the Regulations)

1.1 Prohibitions

- Regulation 10(2): Subject to regulation 12, a New Zealand person must not deal with an asset that is owned or controlled by a sanctioned person.
- Regulation 10(3): Subject to regulation 12, a New Zealand person must not deal with any asset if doing so:
    - Would result in a sanctioned person owning or controlling the asset;
    - Would otherwise be for the benefit of a sanctioned person; or
    - Is for the purpose of evading or circumventing a sanction.
- Regulation 11(2): A New Zealand person must not deal with a service that is provided by a sanctioned person, or provided to, or for the benefit of, a sanctioned person; or if the dealing is for the purpose of evading or circumventing a sanction.

1.2 Permissible activities

- Regulation 12(2): A New Zealand person may hold and use a bank account with a sanctioned person if they held the account immediately before the relevant date.

- Regulation 12(3): A New Zealand person may receive money that is a restricted asset if, immediately before the relevant date, the person from whom it is received had a legal obligation to pay (whether at that time or in the future) the money to the New Zealand person.
- Regulation 12(6A): A New Zealand person that is a bank may charge, and receive money, for the payment of normal service charges, including arrears and administrative fees, in relation to a restricted asset if the sanctioned person to whom the asset relates held the asset immediately before the relevant date.

1.3 Exemptions

- Section 13(1)(c): Any person may apply to the Minister, on the basis of humanitarian need or for any other reason, to request an exemption from a sanction for a particular specified situation, in relation to particular persons, assets, or services; and particular events or dealings in relation to those persons, assets or services.

1.4 Asset Freeze

Regulations 10, 10A and 11 of the Russia Sanctions Regulations 2022 collectively create a de facto ‘asset freeze’ obligation. These regulations prevent New Zealand persons from interacting with the relevant property, financial services, or securities connected to a designated person. The assets affected are effectively immobilised or frozen.

For example, under regulation 10A, a New Zealand broker or custodian holding shares for a designated Russian person could not execute trades, transfer ownership, or process dividends or other corporate actions that confer value. The securities would need to remain ‘frozen’ in the account.

2. Designated Russian banks

New Zealand has designated several Russian banks and financial institutions. As of the date of this Guidance Note, New Zealand has designated or sanctioned the following Russian banks:

Name	Date sanctioned
Promsvyazbank (PSB)	18 March 2022
Alfa-Bank, Bank Otkritie, Bank Rossiya, Black Sea Bank for Development and Reconstruction, Central Bank of the Russian Federation, Credit Bank of Moscow, Gazprombank, Genbank, Industrial Savings Bank, Novikombank, Russia Agricultural Bank, Russian Direct Investment Fund, Russian National Commercial Bank, Sberbank, SMP Bank, Sovcombank, Vnesheconombank, VTB Bank	20 April 2022
TSMRBANK, OOO (CMRBank; Bank Centre for International Settlements LLC)	21 February 2025
Atomaiz (Atomyze)	12 September 2025
Garantex, Laitkhaus (Lighthouse)	20 February 2026
A7 Limited Liability Company	7 May 2026

Please continue to monitor MFAT's website, including the Sanctions Register, for the most up to date list of individuals and entities subject to New Zealand sanctions. Additional information on due diligence and business FAQs is also available on the website.

2.1 Incoming transactions from Russia which involve a sanctioned bank

Regulation 10 prohibits a New Zealand person (a New Zealand individual or entity, including a bank) from dealing with an asset that is owned or controlled by a sanctioned person; if the dealing would benefit a sanctioned person; or is for the purpose of evading or circumventing a sanction.

Regulation 11 prohibits a New Zealand person dealing with services that are either provided by, to, or for the benefit of, a sanctioned person; or if the dealing is for the purpose of evading or circumventing a sanction.

New Zealand banks are therefore prohibited from dealing with the assets of sanctioned banks and dealing with services provided by or to them, or for their benefit. This means that a transfer of money from or to a sanctioned bank to a New Zealand bank is a 'restricted service'[1] and the money involved is a 'restricted asset'.[2]

A New Zealand person cannot receive money from a non-sanctioned Russian transferor (i.e. the payment authoriser) unless:

- The Russian person uses a non-sanctioned Russian bank. Doing so ensures that the recipient New Zealand bank does not breach either of the service or asset dealing prohibitions.

OR

- Regulation 12(3) applies, which allows for receipt of restricted assets.

2.2 Regulation 12(3)

Regulation 12(3) allows a New Zealand bank to release funds received from any person in Russia (even if the transaction involves a sanctioned bank) if the following conditions are met:

- The intended recipient is not a sanctioned person nor is owned or controlled by a sanctioned person; and
- Immediately before the date the relevant Russian bank was sanctioned, it can be shown that the person from whom the transfer originated had a legal obligation to pay the money, whether at that time or in the future, to the New Zealand person.

The legal obligation to pay may be statutory or contractual in nature. It must be an obligation to pay the money represented by the transfer (and not, for example, an obligation to provide goods or services that is later modified to be a payment of funds).

Incoming transactions from a party in Russia must be frozen by the bank, unless an exception applies, if:

- The intended recipient is a sanctioned individual or entity; or
- The bank has reasonable grounds to believe that the incoming funds would result in a sanctioned individual or entity owning/controlling the funds or otherwise be for the benefit of a sanctioned individual or entity.

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[1] Russia Sanctions Regulations 2022, regs 11(2) and 12(8).

[2] Russia Sanctions Regulations 2022, regs 10(2), 10(3), 10A(1)(b) and 12(8).

For New Zealand individuals and businesses to receive payment for contracts executed after the date New Zealand sanctioned the relevant Russian banks (which can be found in our Sanctions Register) and comply with the Russia Sanctions Regulations, a non-sanctioned bank must be used. Even where a non-sanctioned bank is used, individuals and businesses should be aware that there may be other constraints on completing international payments between Russia and New Zealand.

You are encouraged to speak to your bank in advance of entering into any new contracts or undertaking transactions.

Where an international payment has been frozen under regulation 10 or 11, and regulation 12(3) does not apply, the Act allows persons to apply for an exemption. There is no guarantee the exemption will be granted. It is also possible that even where an exemption is granted, the payment may still not be possible because of constraints on transactions that involve Russia. Where an exemption is granted and payment is possible, any duty holders that are party to the transaction will be required to report this transaction, in accordance with section 15 of the Russia Sanctions Act, to the Commissioner of Police. See MFAT's website for more information about this process.

EXAMPLE 1

Individual A in New Zealand receives a Russian pension. The Russian bank processing the pension payment was sanctioned by New Zealand on 20 April 2022. Individual A is the intended recipient and is not sanctioned by New Zealand.

The New Zealand bank can make available the pension payments to Individual A, as the proposed payment is in line with a previous pattern and Individual A is able to prove they were legally entitled to the pension payments before 20 April 2022.

EXAMPLE 2

New Zealand Company X exported a shipment of goods in January 2022 and is owed payment by Russian Company Y following receipt of the goods. The contract that requires the payment was executed in January 2022. Company X and Company Y are not sanctioned by New Zealand, owned or controlled by a sanctioned person, or otherwise providing a benefit to a sanctioned person, and the transaction is not prohibited by New Zealand's export prohibitions and trade measures. The funds for the payment are held in a sanctioned Russian bank and/or will be transferred or processed by a Russian bank that was sanctioned by New Zealand on 20 April 2022.

The New Zealand bank can make available the funds received to Company X, as Company Y had the legal obligation to make the payment before the date the Russian bank was sanctioned.

EXAMPLE 3

New Zealand Company X ordered a shipment of goods in January 2022 from Russian Company Y and paid for the goods at the same time. Following imposition of the tariff increase by New Zealand in April 2022, Company X wants to cancel the order and receive a refund. Company X and Company Y are not sanctioned by New Zealand, owned or controlled by a sanctioned person, or otherwise providing a benefit to a sanctioned person, and the transaction is not prohibited by New Zealand's export prohibitions and trade measures. The funds for the payment are held in a sanctioned Russian bank that was sanctions in March 2022 and/or will be transferred or processed by a sanctioned Russian bank.

The New Zealand bank must freeze the funds and report the transaction in accordance with section 15 of the Act. It must not make the funds available to Company X. This is because Company Y did not have a legal obligation to make the payment prior to the date the Russian bank was sanctioned. However, company X can seek an exemption (see MFAT's website for more information) to receive the funds.

2.3 Outgoing transactions to Russia which involve a sanctioned bank

In accordance with Regulation 10(3), a New Zealand person is prohibited from processing an outgoing transaction if doing so would result in a sanctioned person or entity owning or controlling the funds or otherwise benefitting from the funds. This means a New Zealand bank cannot process an outgoing transaction from New Zealand to a sanctioned Russian bank.

The prohibition applies if a sanctioned person is involved at any stage of the transaction, either as a party processing the transaction or as the intended recipient. Whether a transaction is directly or indirectly to, or for the benefit of, a sanctioned person is a question of fact in each case.

In order for individuals and businesses to comply with the Russia Sanctions Regulations, a non-sanctioned bank must be used. Even where a non-sanctioned bank is used, individuals and businesses should be aware that there may be other constraints on completing international payments between Russia and New Zealand, and you are encouraged to speak to your bank in advance of entering into any new/upcoming contracts or undertaking transactions.

EXAMPLE 4

Individual B is not sanctioned but is in Russia and receives a New Zealand pension into a New Zealand bank account.

Individual B wants to transfer their pension to a bank account in Russia, which is held by a bank that is sanctioned by New Zealand. A New Zealand bank cannot process the outgoing payment to Individual B in Russia, as the Russian bank is sanctioned by New Zealand.

EXAMPLE 5

Individual C in New Zealand wants to make a payment to Individual D in Russia. Individual C and Individual D are not sanctioned by New Zealand. The Russian bank processing the payment is sanctioned by New Zealand.

The New Zealand bank cannot process the outgoing payment to Individual D in Russia, as the Russian bank is sanctioned by New Zealand.

In both Examples 4 and 5, the New Zealand bank can process the payment if they can identify and work with a Russian bank that is not sanctioned by New Zealand, if they can be sure that the payment will be handled by a non-sanctioned Russian bank. This may require the individual receiving the payment to open an account with a Russian bank that is not sanctioned.

3. Bank Fees and Charges

3.1 Regulation 12(6A) – Bank Fees and Charges on Frozen Assets

Regulation 12(6A) allows a New Zealand person that is a bank to charge, and receive money, for the payment of normal service charges in relation to a restricted asset provided the sanctioned person held the asset immediately before the relevant date.

This exception recognises that banks may continue to incur costs in administering accounts and other assets that have been frozen under the Russia Sanctions Act and Regulations. It permits banks to deduct ordinary fees and charges from the frozen asset without breaching the prohibition on dealing with restricted assets.

"Normal service charges" may include:

- account maintenance fees;
- administrative fees;
- fees associated with the operation or maintenance of the account or asset;
- arrears of such fees; and
- reasonable administrative costs incurred in managing the frozen asset.

The exception applies only to fees and charges that arise in the ordinary course of the bank's relationship with the customer and management of the asset. It does not permit a bank to release funds to the sanctioned person or otherwise make the asset available for the benefit of the sanctioned person.

Banks should ensure that any fees charged are consistent with their usual fee structures and business practices for comparable accounts or assets.

EXAMPLE 1

Individual A becomes a designated person under the Russia Sanctions Regulations. At the time they are designated, they hold a bank account with a New Zealand bank. The account is frozen and the funds become a restricted asset.

The bank continues to charge its standard monthly account maintenance fee and deducts that fee from the account balance. The deduction is permitted under regulation 12(6A) because the fee is a normal service charge relating to a restricted asset that was held by the sanctioned person immediately before the relevant date.

EXAMPLE 2

Entity B is a sanctioned person and holds a bank account with a New Zealand bank. The bank incurs administrative costs associated with maintaining the account and would like to charge its usual administrative fee.

The bank charges its standard administrative fee and deducts it from the frozen funds. The deduction is permitted under regulation 12(6A) provided the fee is a normal service charge that the bank would ordinarily charge in relation to that asset.

EXAMPLE 3

Individual C is a sanctioned person with a frozen account. The bank proposes to release part of the account balance to pay personal expenses incurred by Individual C.

The bank cannot rely on regulation 12(6A) to make this payment. The exception only permits the charging and receipt of normal service charges by the bank. It does not allow funds or other assets to be made available to the sanctioned person or for their benefit.

4. Other relevant information

All New Zealanders, both inside and outside of New Zealand, are required to comply with the sanctions set out in the Regulations. Individuals in New Zealand (and those ordinarily resident in New Zealand) and entities operating in New Zealand are also required to comply.

We advise New Zealand financial institutions to take all reasonable precautions and exercise due diligence to comply with New Zealand sanctions laws when processing transactions.

In circumstances where a sanctioned bank is involved, we would expect that, in addition to their standard due diligence processes, financial institutions should confirm the original transferor of the funds had a legal obligation to make the payment in question (for example, sight an executed contract) immediately before the bank was sanctioned. For example, a pattern of regular payments (such as automatic payments) from before the date the bank was sanctioned could be used as evidence that there was an ongoing obligation to make payments. This could be supplemented by other evidence, if necessary, such as an annual statement or proof of statutory obligation. See our guidance materials on due diligence for further information.

Duty holders are required to report transactions that are permitted under regulations 12(3) and (6A).[3] Duty holders must also continue to report transactions that do not meet the requirements of regulations 12(3) and (6A), in accordance with section 15 of the Act.

New Zealand persons are permitted to deal with restricted services, if they relate to dealings with restricted assets that are already permitted under the regulation 12 exceptions.

Where the payment value date is before the date the Russian bank was sanctioned, New Zealand banks are permitted to facilitate a transaction if the exceptions in regulation 12 apply. We acknowledge these types of cases are decreasing over time. If you have any specific questions, please get in touch with: sanctions@mfat.govt.nz.

If the matter relates to a banking dispute or a complaint, please see the Banking Ombudsman's website.

If you have any other queries, please contact the New Zealand Sanctions Unit by email on: sanctions@mfat.govt.nz.

[3] Russia Sanctions Regulations 2022, reg 4(2). This was included through Russia Sanctions Amendment Regulations (No 7) 2022.

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