

# Locke Lord QuickStudy: OFAC Russia and Related Sanctions ?Update ?

Locke Lord LLP

## WRITTEN BY

[Ryan Last](#)

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On May 11, 2022, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") updated three FAQs ([FAQ 1034](#), [FAQ 1035](#), and [FAQ 1038](#)). Specifically, OFAC amended its guidance on the meaning of the terms "accounting services", "trust and corporate formation services", "management consulting services", "credit rating services", "auditing services", "accounting sector", "trust and corporate formation services sector" and "management consulting sector" as follows:

- "Accounting services" – includes services related to the measurement, processing, and evaluation of financial data about economic entities. Please note that OFAC has issued [General License \("GL"\) 35](#) to authorize certain transactions ordinarily incident and necessary to the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of credit rating or auditing services to any person located in the Russian Federation through 12:01 a.m. eastern daylight time, August 20, 2022. See [FAQ 1035](#).
- "Trust and corporate formation services" – includes services related to assisting persons in forming or structuring legal persons, such as trusts and corporations; acting or arranging for other persons to act as directors, secretaries, administrative trustees, trust fiduciaries, registered agents, or nominee shareholders of legal persons; providing a registered office, business address, correspondence address, or administrative address for legal persons; and providing administrative services for trusts. Please note that all of these activities are common activities of trust and corporate service providers ("TCSPs"), although they may be provided by other persons.
- "Management consulting services" – includes services related to strategic business advice; organizational and systems planning, evaluation, and selection; development or evaluation of marketing programs or implementation; mergers, acquisitions, and organizational structure; staff augmentation and human resources policies and practices; and brand management.
- "Credit rating services" means services related to assessments of a borrower's ability to meet financial commitments, including analysis of general creditworthiness or with respect to a specific debt or financial obligation.
- "Auditing services" means examination or inspection of business records by an auditor, including checking and verifying accounts, statements, or other representation of the financial position or regulatory compliance of the auditee.
- "Accounting sector" – includes the measurement, processing, and evaluation of financial data about economic entities.
- "Trust and corporate formation services sector" – includes assisting persons in forming or structuring legal persons, such as trusts and corporations; acting or arranging for another person to act as directors, secretaries, administrative trustees, trust fiduciaries, registered agents, or nominee shareholders of legal persons; providing a registered office, business address, correspondence address, or administrative address for legal persons; and providing administrative services for trusts.
- "Management consulting sector" – includes strategic business advice; organizational and systems planning, evaluation, and selection; development or evaluation of marketing programs or implementation; mergers,

acquisitions, and organizational structure; staff augmentation and human resources policies and practices; and brand management.

On May 16, 2022, the U.S. Department of State, the U.S. Department of the Treasury, and the Federal Bureau of Investigation issued an [advisory](#) to alert the international community, the private sector, and the public of the attempts by the Democratic People's Republic of Korea ("DPRK") and DPRK information technology ("IT") workers to obtain employment while posing as non-DPRK nationals. The advisory provides detailed information on how DPRK IT workers operate and identifies red flags to help companies avoid hiring DPRK freelance developers and to help freelance and digital payment platforms identify DPRK IT workers abusing their services. A Fact Sheet, "[Guidance on the Democratic People's Republic of Korea Information Technology Workers](#)" has also been published.

On May 24, 2022, OFAC [confirmed](#) that the wind-down period ending May 25, 2022 set forth in [GL 9C](#) will not be extended. GL 9C relates to dealings in certain debt or equity involving (i) State Corporation Bank for Development and Foreign Economic Affairs Vnesheconombank; (ii) Public Joint Stock Company Bank Financial Corporation Otkritie; (iii) Sovcombank Open Joint Stock Company; (iv) Public Joint Stock Company Sberbank of Russia; (v) VTB Bank Public Joint Stock Company; or (vi) any entity in which one or more of the above entities own, directly or indirectly, individually or in the aggregate, a 50 percent or greater interest are no longer permitted. However, GL 9C still authorizes transactions that are ordinarily incident and necessary to dealings in debt or equity of Joint Stock Company Alfa-Bank ("Alfa-Bank"), issued prior to April 6, 2022, and of Public Joint Stock Company Alrosa ("Alrosa"), issued prior to April 7, 2022, or any entity in which they own, directly or indirectly, a 50% or greater interest, provided that any divestment or transfer of, or facilitation of divestment or transfer of, the debt or equity must be to a non-U.S. person. Such transactions related to Alfa-Bank under GL 9C are permitted through June 30, 2022 and July 1, 2022 for Alrosa.

On May 25, 2022, OFAC issued [GL 13A](#), replacing GL 13 dated March 2, 2022. GL 13A extends the time for U.S. persons "to pay taxes, fees, or import duties, and purchase or receive permits, licenses, registrations, or certifications" that are otherwise prohibited by [Directive 4](#) under [Executive Order 14024](#) ("Prohibitions Related to Transactions Involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, and the Ministry of Finance of the Russian Federation"). The new cutoff date is September 30, 2022.

## **Conclusion**

This paper is intended as a guide only and is not a substitute for specific legal or tax advice. Please reach out to the authors for any specific questions. We expect to continue to monitor the topics addressed in this paper and provide future client updates when useful.

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