

Locke Lord QuickStudy: OFAC Russia Related Sanctions Update: ?August 22, 2022 ?

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On August 19 2022, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) amended Russia-related General License (“GL”) 38A (GL 38A) and issued a new GL (GL 50) related to the Russian Harmful Foreign Activities Sanctions Regulations, 31 CFR part 587 (the “RuHSR”).

General Licenses

[GL 38A amends](#) GL 38, dated June 2, 2022, which authorized the processing of pension payments to U.S. persons through blocked Russian banks. GL 38A adds the authorization to process pension payments through blocked Russian banks for non-U.S. persons who are not located in the Russian Federation. GL 38A does not terminate GL 38; therefore, transactions ordinarily incident and necessary to the processing of pension payments to U.S. persons remain authorized.

GL 50 authorizes un-blocked persons, wherever located, to close accounts at blocked financial institutions (see Executive Order (“EO”) 14024, “Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation”) and lump sum transfer of remaining funds and other assets non-blocked financial institutions?. Please note, however, that Russian Federation laws may frustrate the transfer of funds from blocked financial institutions to the U.S. and other countries that have imposed financial sanctions on the Russian Federation. We understand that Russian Federation financial institutions are required to limit foreign transfers to no more than the equivalent of U.S. \$10,000 per month and block all transfers to countries that do not accept the “Russian payment system” or “RPS”. Notably, there are reports that the window for foreign transfers to countries that do accept RPS may close at the end of October 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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