

# Locke Lord QuickStudy: OFAC Russian Related Sanctions ?Update Extended GLs 13G, 74, 75 and 76?

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On November 2, 2023, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") published General License ("GL") 13G, GL 74, GL 75, and GL 76 related to the ? ?Russian Harmful Foreign Activities ?Sanctions Regulations, 31 CFR Part 587 (the ????"RuHSR").

GL 13G, which replaces GL 13F, extends through January 31, 2024, U.S. persons' authority to pay taxes, fees, or import duties, and purchase or receive permits, licenses, registrations, certifications or tax refunds to the extent such transactions would otherwise be prohibited by Directive 4 under Executive Order ("EO") 14024 and are ordinarily incident and necessary to the day-to-day operations in Russia of such U.S. persons or entities. Directive 4 prohibits any transaction involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation, including any transfer of assets to such entities or any foreign exchange transaction for or on behalf of such entities. In our prior publications, we noted that GL 13 does not permit U.S. persons to pay Russian "Exit Taxes" because, among other things, such taxes are ordinarily incident and necessary to support U.S. persons' day-to-day operations in Russia. For purposes herein, OFAC defines U.S. persons as any individual present in the United States and every U.S. citizen and U.S. permanent resident located anywhere in the world, including entities owned or controlled, directly or indirectly, by a U.S. person.

GL 74 authorizes U.S. persons, through January 31, 2024, to wind down transactions involving East-West United Bank, or any entity in which East-West United Bank owns, directly or indirectly, a 50% or greater interest (together, "East-West United Bank Entities") on the condition that any payment to a sanctioned person is made into a blocked account. U.S. persons are permitted to decline, rather than block and return to the sender or originating financial institution, or their successor-in-interest, any transactions prohibited by EO 14024 that are essential for the handling of funds related to East-West United Bank Entities, acting as an initiating, intermediate or receiving financial institution until January 31, 2024.

GL 75 authorizes U.S. persons, until January 31, 2024, to engage in transactions that are ordinarily incident and necessary for the divestment or transfer, or the facilitation of the divestment or transfer, of debt or equity of the following blocked entities ("Covered Debt or Equity"), despite being restricted by EO 14024:

- Sistema Public Joint Stock Financial Corporation;
- East-West United Bank;
- Limited Liability Company Arctic LNG 2; and
- any entity that one or more of the above persons own, directly or indirectly, individually or in the aggregate, a

50% or greater interest (collectively, "GL 74 Blocked Persons").

All transactions prohibited by EO 14024 that are ordinarily incident and necessary to facilitate, process and settle trades of Covered Debt or Equity placed prior to 4:00 p.m. eastern daylight time on November 2, 2023, are also authorized through January 31, 2024. GL 75 permits through January 31, 2024, transactions ordinarily incident and necessary to the wind down of derivative contracts entered into prior to 4:00 p.m. eastern standard time on November 2, 2023, which involve a GL 75 Blocked Person or are associated with Covered Debt or Equity, provided that any payments to a blocked person are made into a blocked account.

GL 76 authorizes U.S. persons, until January 31, 2024, to wind down transactions involving one or more of the following blocked entities (collectively, "GL 76 Blocked Entities"), provided any payment to a GL 76 Blocked Entity is made into a blocked account:

- Sistema Public Joint Stock Financial Corporation;
- Saint Petersburg Stock Exchange;
- Limited Liability Company Arctic LNG 2; and
- any entity that one or more of the above persons own, directly or indirectly, individually or in the aggregate, a 50% or greater interest.

## **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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