

Locke Lord QuickStudy: REPO Act Requires Financial Institutions to Report Russian Sovereign Assets

Locke Lord LLP

WRITTEN BY

[Ryan Last](#)

On July 23, 2024, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued a new reporting requirement following the enactment of the Rebuilding Economic Prosperity and Opportunity for Ukrainians Act ("REPO for Ukrainians Act"), P.L. 118-50. The REPO for Ukrainians Act, which became law on April 24, 2024, authorizes the President of the United States to seize Russian sovereign assets blocked by U.S. financial institutions and transfer them to Ukraine to support its economic recovery, as well as empowers OFAC to establish reporting requirements for financial institutions holding Russian sovereign assets in order to enhance financial transparency and accountability. All U.S. financial institutions are required to provide notice of such Russian sovereign holdings to OFAC by August 2, 2024, or if later discovered within 10 days of detection. Financial institutions that maintain correspondent or payable-through accounts on behalf of foreign financial institutions should exercise reasonable due diligence to report any Russian sovereign assets held in such accounts. Financial institutions may use existing reports filed under Directive 4 of Executive Order ("EO") 14024 or blocked property reports under 31 C.F.R. § 501.603(b) to satisfy the new reporting obligations. This means financial institutions should not re-report information on Russian sovereign assets that were previously reported to OFAC. New reports should identify assets not already covered by these directives.

Required Information for Reports

Reports must include:

- The name and address of the custodian of the property.
- The date the property was acquired.
- The account or property owner.
- A detailed description of the property, including location, account types, and numbers.
- The actual or estimated value of the property in U.S. dollars.
- A copy of the most recent relevant account statement or documentation supporting the value.

Submission Instructions

Financial institutions must use the REPO for Ukrainians Act Report Form available on OFAC's website to submit reports. Completed forms should be emailed to ofacreport@treasury.gov with the subject line, "[Name of Financial Institution] REPO for Ukrainians Act Report."

Financial institutions will need to enhance their due diligence processes to identify, block and report any Russian

sovereign assets, ensuring compliance with these new OFAC requirements. Failure to accurately identify, block and report these assets could result in significant legal and financial penalties.

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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