

Sanctions Round-up and Possible New Russia Sanctions Triggered by Hostilities Against Ukraine

WRITTEN BY

Ryan Last

The United States, primarily through Presidential action under the statutory authority of the International Emergency Economic Powers Act (“IEEPA”), has empowered the U.S. Department of the Treasury and its Office of Foreign Asset Control (“OFAC”), to impose embargos on certain governments, countries, companies and individuals (each, an “Embargo Target”). It is a U.S. Person’s obligation to understand and comply with all U.S. sanctions programs (“Sanctions” or “Sanction Laws,” as applicable). Most Sanction Laws prohibit U.S. Persons from transacting with Embargo Targets in U.S. products, technology or technical data, or the financing thereof. Additionally, a number of Sanctions have mechanisms designed to chill the ability of non-U.S. persons to transact with Embargo Targets by authorizing secondary Sanctions that in sum require the non-U.S. person to choose between the U.S. or the Embargo Target by blocking the non-U.S. person from accessing the U.S. monetary systems if they transact with an Embargo Target. U.S. Persons must comply with primary Sanctions as a matter of U.S. law or face potential criminal and civil penalties. Secondary Sanctions present non-U.S. persons with a choice: do business with the United States or with the Embargo Target, but not both.

Sanction Laws generally include (i) general licenses that, among other things, permit humanitarian aid and legal representation to defend against embargos, and (ii) specific licenses that permit specific transactions after OFAC review and approval. For instance, a bank may apply for specific license to permit the unwinding of a transaction that occurred with an Embargo Target prior to the U.S. placement of the Sanction or the addition of the Embargo Target to the Sanction’s list.

U.S. Sanctions and export controls have become an increasingly important U.S. regulatory device. Sanctions are rapidly evolving and being used to adjust markets and market participant behaviors. These changes make understanding Sanctions essential for banks and companies contemplating cross-border transactions or domestic transactions with foreign persons. Interested parties can search the U.S. Department of Commerce’s [Consolidated Screening List](#) to determine if a party is subject to certain U.S. Sanctions or embargos. The Consolidated Screening List includes:

- The U.S. Treasury Department’s (i) Non-SDN Chinese Military-Industrials Complex Companies List (“CMIC”), (ii) Foreign Sanctions Evaders List (“FSE”), (iii) Non-SDN Menu Based Sanctions List (“MBS”), (iv) Palestinian Legislative Council List (“PLC”), (v) Sectoral Sanctions Identifications List (“SSI”), (vi) Specially Designated Nationals List (“SDN”), and (vii) Correspondent Account or Payable-Through Account Sanctions List (“CAPTA”).
- The U.S. Bureau of Industry and Security’s (i) Denied Persons List (“DPL”), (ii) Entity List (“EL”), (iii) Military End User List (“MEU”), and Unverified List (“UVL”).
- U.S. Department of State’s (i) ITAR Debarred List (“DTC”), and (ii) Nonproliferation Sanctions List (“ISN”).

In addition to U.S. Sanctions, certain situations may require consideration of sanctions and embargo programs implemented in other jurisdictions such as the United Kingdom, European Union, and United Nations Security Council.

Below we provide high-level summaries of current Sanctions with a link to the official OFAC sites for each. We also discuss potential new embargos regarding the Russian Federation. As this is an extremely fluid area, we plan to monitor and update this information as material changes occur.

1. [Russian Harmful Foreign Activities Sanctions](#) and Potential New Sanctions Related to Russian Election Interference and Aggression Against Ukraine

Driving Forces

Political stresses surrounding claims of Russian election tampering, Russia's support of cyber-crime, including cyber-ransom, and Russia's recent aggression and possible military incursion into Ukraine are evolving daily. A number of Russian companies and individuals have been added to Sanctions lists for their claimed participation in election interference and cyber-crime. More recently, U.S. government officials have made public statements warning Russia of unprecedented massive economic consequences should they invade Ukraine. Those issues may drive potential new Sanctions by the U.S. and its allies against the Russian Federation and its trading partners such as Belarus and China.

We note that at the 2022 Winter Olympics in Beijing (February 2022), Russian President Vladimir Putin was seen in close communication with the President of the People's Republic of China, Xi Jinping, which raised speculation of collaboration between the two countries regarding Ukraine, and importantly for our consideration, potential secondary sanctions against China if it continues to trade with Russia and new U.S. Sanctions are enacted against the Russian Federation.

Except as set forth herein, few details have been released as to what other Sanctions the U.S. government might impose or what Russian actions would trigger such measures – President Biden has stated only that the level of U.S. Sanctions and counter-measures will be driven by the level of Russian aggression. Even if Russia does not invade Ukraine, there is still the possibility of measures the U.S. may take against Russia in connection with the present crisis. No matter what type of response the U.S. implements, it is likely to be met with a Russian counter-response.

President Biden has stated that if Russia invades Ukraine, the U.S. will implement Sanctions against Russia and potentially other Russian Federation participants such as Belarus, intended to demolish the Russian financial system. Based on prior precedent and the current political climate, the following is a summary of economic Sanctions that the U.S. government has used in the past and might deploy in this situation.

Potential New Russian Sanctions

Banks and Financial Institutions. The U.S. could embargo Russia's banks and financial institutions, as well as the

government's Russian Direct Investment Fund, to freeze U.S. dollar accounts and cut off Russia's access to U.S. dollars. Such Sanctions could mirror similar Sanctions targeting Iranian banks. If OFAC designates Russian banks on the SDN list, U.S. and non-U.S. entities globally would be required to cease conducting business with such sanctioned banks, which would create significant impacts on companies globally complying with such Sanctions. The U.S. could also combine with other NATO allies to coordinate Sanctions to restrict Russia's access to Euro and GBP accounts and currencies. Since the Dollar is the standard unit of trade for many commodities, limiting access to U.S. dollars could have a severe impact on Russia's access to necessary commodities.

A bill recently introduced by Democratic members of Congress identifies a dozen of Russian state-owned and private banks as potential targets of OFAC Sanctions. The bill calls for Sanctions on at least three Russian banks, including Sberbank and VTB. The Republican members of Congress have also introduced their own [bill](#) that would target Russia. Both the Republican members of Congress and President Biden have targeted termination of the Nord Stream 2 pipeline. The U.S. Senate has introduced a [bill](#) that includes measures against the Russian banking sector and personal Sanctions against top officials.

Other possible options would be for the U.S. to impose Sanctions only on lesser Russian state-owned banks or limit penalties against Sberbank and BTN to their investment arms, as well as imposing Sanctions against Russian banks that would not put them on the SDN list but rather only restricting the banks from conducting any transactions involving dollars (such as clearing). Banks could have assets frozen, limits on certain transactions, borrowing and access to capital. Penalties could also be applied to some mostly domestic-facing banks that have been used to circumvent previous Sanctions.

Russian Federation Debt. Another possible measure the U.S. and its allies may take is to cut off foreign lending and sales of sovereign bonds in both the primary and secondary markets. This includes Sanctions to cut lending to Russia by foreign creditors by potentially hundreds of billions of dollars or more. Such measure could also include further restrictions on Russia refinancing its sovereign debt.

Energy and Metal. While some U.S. government officials say there is no current consideration of any Sanctions on Russia's oil and gas exports (other than termination of Nord Stream 2 mentioned above), oil and gas is the foundation of Russia's economy and many European allies are dependent thereon. To prevent any adverse impact to Europe, certain energy-related transactions could be exempt, in whole or in part, from any Sanctions that target Russia's energy sector. This could include carve-outs and wind-down provisions. Sanctions may include embargo of Russian access to U.S. technology and equipment used in exploration, extraction and refineries in a manner similar to the U.S. embargo of Huawei's access to U.S. products and technology. Sanctions that limit Russia's ability to export oil and gas would be by far the most powerful weapon against the Russian economy and perhaps the most effective economic deterrent against a Russian invasion of Ukraine (but it would cause some impact in Europe and the U.S.). See also Sanctions against Venezuela that could be adopted for use against Russian oil and gas exports.

The U.S. could implement Sanctions limiting the import of select Russian metals, such as steel, aluminum, iron, and chemicals. However, the U.S. would have to determine the impact any such Russian Sanctions may have on the U.S. economy. For example, in April 2018, OFAC put oligarch Oleg Deripaska, Russian President Putin's close friend, on the SDN list. Mr. Deripaska owned Rusal, the world's second-largest aluminum producer, and the Sanctions caused a surge in global aluminum prices. OFAC lifted Sanctions on his main companies that

December.

Russian Companies. The U.S. might consider denying access to U.S. equities markets for Russian companies in a manner similar to those imposed against Chinese Military companies. Dozens of Russian domiciled businesses list securities (primarily ADRs) on U.S. and London stock exchanges. Cutting off access to U.S. capital, along with secondary Sanctions on potential trading partners, could have a significant, detrimental impact on Russian cross-border business and access to liquidity.

Individuals. If warranted, the U.S. could choose to impose Sanctions targeting the assets of oligarchs close to Russian President Putin. Such measures could ban travel and trade, and freeze assets owned by Russian oligarchs and state-owned enterprises that facilitate aggression against Ukraine. The U.S. has taken similar steps against CNOOC, a Chinese energy exploration company, that the U.S. claims “acts as bully for the People’s Liberation Army to intimidate China’s neighbors.”

Technology, Defense, Aviation, Maritime and Automobiles. U.S. measures against Russia could include targeting Russia’s technology, defense, aviation, maritime and automobile sector through economic Sanctions and export controls. These measures have the ability to prevent Russia from importing consumer electronics, and key aircraft and automobile components to U.S. allies and others who depend on U.S. technology and finance. Part of the potential export control measures that could be taken would be to restrict chips and products with integrated circuits from being exported to Russia. The U.S. has authority over items made outside the U.S. if they are designed with U.S. software or technology or produced using U.S. equipment or parts. White House National Security Council officials have recently informed executives from the Semiconductor Industry Association, a chip lobbying group, of potential severe actions against Russia that may impact their members.

It is still unclear whether these actions could have the same devastating effect on Russia as it has had on Huawei. The Sanctions imposed on Huawei by the Trump administration could also be imposed on Russia. Initially, Huawei, the telecommunications equipment maker was placed on an export blacklist (i.e., the “entity list”) in 2019. This affected U.S.-made goods and some limited items made abroad with U.S. technology, but did not block overseas shipments to Huawei from companies. Since the listing did not stop the global flow of chips to Huawei, the U.S. government in 2020 added the Foreign Direct Product Rule (“FDPR”) to expand its authority to stop shipments of foreign produced items to Huawei. The FDPR restricts both U.S. and non-U.S. companies from shipping items to Huawei that are the direct product of U.S. technology or software. Such shipments can only be made with a U.S. license. U.S. and non-U.S. chipmakers that use U.S. chip making equipment are now required to obtain U.S. licenses before supplying Huawei and license for sophisticated chips are generally denied. Similar Sanctions would involve the U.S. Department of Commerce invoking the foreign direct product rule, which bars American companies from providing technology to companies under sanction and demolishing the supply chain needed to produce advanced technologies. This could hamper the growth of strategic industries in Russia, including its oil and gas sector as well as its defense industry.

In addition to new Sanctions, the U.S. and its allies could bolster or augment existing Sanctions programs that impact the Russian Federation and its partners.

Current U.S. Sanctions Regarding the Russian Federation include, but are not limited to the following:

- Election Interference. In April 2021, the Biden administration added a raft of new Sanctions against Russian

persons and entities that the U.S. deemed responsible for interference with 2020 U.S. elections. The U.S. believes that Russian actors “waged a covert influence campaign centered on cultivating false and unsubstantiated narratives concerning U.S. officials” who were running for election in the 2020 U.S. presidential election.

- **Magnitsky Sanctions.** Pursuant to the Sergei Magnitsky Rule of Accountability Act of 2012 and the International Emergency Economic Powers Act, OFAC issued Magnitsky Act Sanctions Regulations which prohibited transactions involving blocked property of individuals and entities directly or indirectly responsible for the detention, abuse, or death of Sergei Magnitsky, who participated in efforts to conceal the legal liability for the detention, abuse, or death of Sergei Magnitsky, who financially benefit from the detention abuse, or death of Sergei Magnitsky, or who was involved in the criminal conspiracy uncovered by Sergei Magnitsky. The OFAC Sanctions regulations also blocks property and prohibits transaction with individuals or entities who were directly or indirectly responsible for extrajudicial killings, torture or other gross violations of internationally recognized human rights committed against individuals seeking to expose illegal activity carried out by officials of the Russian government or to obtain, exercise, defend, or promote internationally recognized human rights and freedoms, such as freedoms of religion, expression, association, and assembly, and the rights to a fair trial and democratic elections in Russia.
- **Ukraine/Russia-Related Sanctions.** The current Ukraine/Russia-related Sanctions program implemented by OFAC began on March 6, 2014, when President Obama, through Executive Order 13660 “Blocking Property of Certain Persons Contributing to the Situation in Ukraine” (“EO 13660”), declared a national emergency to deal with the threat posed by the actions and policies of certain persons who had undermined democratic processes and institutions in Ukraine; threatened the peace security, stability, sovereignty, and territorial integrity of Ukraine; and contributed to the misappropriation of Ukraine’s assets. In further response to the actions and policies of the Government of Russia, including the purported annexation of the Crimea region of Ukraine, President Obama issued three subsequent executive orders (i.e., Executive Orders 13661, 13662, 13685), that expanded the scope of the national emergency declared in EO 13660. Together these four executive orders authorize, among other things, the imposition of Sanctions against persons responsible for or complicit in certain activities with respect to Ukraine; against officials of the Government of Russia; against persons operating in the arms or related material sector of Russia; and against individuals and entities operating in the Crimea region of Ukraine. Executive Order 13662 “Blocking Property of Additional Persons Contributing to the Situation in Ukraine” (“EO 13662”) also authorizes the imposition of Sanctions on certain entities operating in specified sectors of the Russian economy. The sectoral Sanctions imposed on specified persons operating in the Russian economy identified by the Secretary of the Treasury were implemented under EO 13662 through Directives issued by OFAC. Those Directives impose prohibitions on U.S. persons and within the United States for certain specific transactions with entities made subject to the relevant Directive. Directive 1, as amended, prohibits the following transactions by U.S. persons and within the United States: (i) all transactions in, provisions of financing for, and other dealings in new debt of longer than thirty (30) days maturity or new equity of persons determined to be subject to Directive 1, their property, or their interests in property; and (ii) all activities related to debt or equity issued before September 12, 2014, that would have been prohibited by the prior version of Directive 1 (which extended to activities involving debt of longer than ninety (90) days maturity or equity if that debt or equity was issued on or after the date a person was determined to be subject to Directive 1). Directive 2, as amended, prohibits the following transactions by U.S. persons and within the United States: transacting in, providing financing for, or otherwise dealing in new debt of longer than ninety (90) days of maturity of the persons subject to Directive 2, their property, or their interests in property. Directive 3 prohibits the following transactions by U.S. persons and within the United States: transacting in, providing financing for, or otherwise dealing in new debt of longer than thirty (30) days maturity of the persons subject to Directive 3, their property, or their interests in property. Finally, Directive 4 prohibits the following transactions by U.S. persons and within the United States: providing, exporting, or reexporting, directly or indirectly, goods, services (except for financial services), or technology in support of exploration or production for deep-water, Arctic offshore, or shale projects that have the potential to produce oil in Russia, or in maritime area claimed by Russia and extending from its territory, and that involve any person subject to Directive 4, its property, or its interests in property. Executive Order 13685 “Blocking Property of Certain Persons and Prohibiting Certain Transactions with Respect to the Crimea Region of Ukraine” also prohibits the importation or exportation of goods, services, or technology to or from the Crimea region of Ukraine, as well as new investment in the Crimea region of Ukraine by a U.S. person, wherever located. On September 20, 2018, President Trump issued Executive Order 13849 “Authorizing the Implementation of Certain Sanctions Set Forth in the Countering America’s Adversaries Through Sanctions Act

("CAATSA")" ("EO 13849"), which among other things, prohibits any U.S. financial institution from making loans or extending credit to sanctioned persons "totaling more than \$10,000,000 in any 12-month period, unless the person is engaged in activities to relieve human suffering and the loans or credits are provided for such activities; any foreign exchange transactions, subject to U.S. jurisdiction, in which the sanctioned person has any interest; and transfers of credit or payments between by, or through financial institutions for the benefit of a sanctioned person subject to U.S. jurisdiction." On February 21, 2022, in response to the Russian Federation's announcement that it recognizes two Ukrainian territories occupied by Russian separatists as "independent republics" and would deploy "peacekeeping troops" to the newly "independent territories," President Biden issued an emergency executive order, "[Executive Order Blocking Property Of Certain Persons And Prohibiting Certain Transactions With Respect To Continued Russian Efforts To Undermine The Sovereignty And Territorial Integrity Of Ukraine; Issuance of Ukraine-Related General Licenses](#)" (the "Order"). The Order (Section 1) prohibits U.S. Persons from, among other things, (i) making any new investment in the Donetsk and Luhansk regions of Ukraine ("Covered Regions"), (ii) importing into the United States, directly or indirectly, of any goods, services, or technology from the Covered Regions, (iii) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States of any goods, services, or technology to the Covered Regions, and (iv) entering into financial transactions or facilitating transactions with enumerated blocked persons related to the Covered Regions ("Specially Designated Nationals" or "SDNs"). Section 2 of the Order blocks (requires sequestration of) all property and interests in property in the U.S. of SDNs. Sections 3 and 4 provide broad language to prevent evasion of the prohibitions of Section 2, and Section 6 of the order blocks travel to and from the U.S. by SDNs.

- [Countering America's Adversaries Through Sanctions Act of 2017 \(CAATSA\)](#). The CAATSA is a U.S. federal law that imposes economic Sanctions on Iran, Russia, and North Korea. The goal of the law was to counter perceived aggressions against the U.S. government by foreign governments by preventing U.S. companies from doing business with sanctioned entities. The most significant part of the CAATSA is it targets new transactions with the Russian defense, intelligence, financial and energy sectors and responds to Russian efforts to undermine cybersecurity and destabilize Ukraine and Syria. The law requires Congressional review of any termination, waiver or significant modification of Russian Sanctions through licensing. CAATSA amends Directives issued pursuant to Executive Order 13662. CAATSA also includes several new secondary Sanctions provisions and other measures targeting sources of economic support for the government of North Korea. With respect to Iran, CAATSA reinforces existing measures that targets Iran's ballistic missile program and support for terrorism.
- See also [CAATSA](#), [Cyber-Related Sanctions](#), and [Foreign Interference in a United States Election Sanctions](#).

Preparing For Possible Russian Sanctions

- All U.S. Persons should review their interactions with customers, investors and vendors, as well as their key management and beneficial owners (to determine ownership threshold for compliance with OFAC's 50% ownership rule), for any connection to Russian Federation associated individuals or entities. This includes review of non-U.S. subsidiaries' businesses. Since possible Sanctions could include individuals, entities and financial instruments, U.S. Persons should review customers, investors and vendors who have any connection to Russia and Russian politically exposed persons ("PEPs"). We would also suggest reviewing all financial instruments for counter-party credit risk and negative news searches in English and local languages for all persons identified as being associated with Russian Federation PEPs.
- Conduct an assessment of your business to determine whether any import or export goods or technology involve Russia or Russian associated individuals or entities; also determine if any of your products or technology are "made in the Russian Federation." Exporting can include providing goods or technology to a foreign person in the U.S.
- Review all employees, consultants and contractors to determine whether they are foreign persons (e.g., Russian Federation nationals).
- Review agreements with or associated with Russian entities or individuals for clauses that may result in the

termination of such agreement due to Sanctions. Financial institutions should review foreign correspondent banking agreements with banks designated as high risk due to their minimal compliance programs and connection with Russia. This also includes subjecting transactions of high risk customers to enhanced reviews for the extent of this predicament.

- Based on the results from the above assessments, determine the impact of possible Russian Sanctions on your business and whether changes should be implemented to limit the potential impact of potential Sanctions on the Russian Federation or its companies and persons.
- Review, and update as necessary, your anti-money laundering, Sanctions and export controls compliance policies and procedures, as well as internal controls. This includes ensuring you have proper and updated screening tools to screen all applicable individuals and entities against relevant Sanctions lists when or if such Sanctions lists are updated. Sanctions violations are based on strict liability (held liable even if you did not have any knowledge or have reason to know you were engaging in a transaction with a sanctioned person, entity or government) and OFAC may impose civil penalties.
- Prepare communication to applicable personnel on possible Russian Sanctions that may have an impact and remind all firm personnel of their responsibilities to ensure compliance with Sanctions.

U.S. persons and non-U.S. persons should prepare to act due to the potential for primary and secondary Sanctions, including cessation of business activities with individuals or entities identified on the SDN list, as companies are not warned ahead of time of the names designated on the SDN list.

2. Balkans-Related Sanctions

Balkans-related Sanctions were first issued by President George W. Bush on June 27, 2001 pursuant to Executive Order 13219. On January 5, 2022, President Biden issued EO 14033, “Blocking Property and Suspending Entry Into the United States of Certain Persons Contributing to the Destabilizing Situation in the Western Balkans,” which expands the Sanctions regime that blocks the property of persons who (i) are engaged in violence in the former Yugoslav Republic of Macedonia, in southern Serbia, the Federal Republic of Yugoslavia, and elsewhere in the Western Balkans region, or (ii) commit acts that (a) obstruct the implementation of the Dayton Accords in Bosnia or United Nations Security Council Resolution 1244 of June 10, 1999 in Kosovo, (b) threaten the peace in or diminish the security and stability of those areas and the wider region, and (c) undermine the authority, efforts, and objectives of the United Nations, the North Atlantic Treaty Organization (“NATO”), and other international organizations and entities present in those areas and the wider region, and endanger the safety of persons participating in or providing support to the activities of those organizations and entities, including United States military forces and government officials.

3. Belarus Sanctions

Originally issued by President George Bush by EO 13405, effective June, 19, 2006, the Belarus Sanctions block property of certain persons who (i) have been identified as undermining the democratic processes or institutions in Belarus; (ii) are responsible for, or to have participated in, human rights abuses related to political repression in Belarus; (iii) are senior-level officials, a family member of such an official, or a person closely linked to such an official who is responsible for or has engaged in public corruption related to Belarus; (iv) have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the above activities, or any person so designated as a Specially Designated National (“SDN”); or (v) owned or

controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any person listed in or designated pursuant to this order.

4. Burma Related Sanctions

Following OFAC's termination of the previous Burma Sanctions program on October 7, 2016, through the issuance of Executive Order 13742, President Biden, in response to the 2021 military coup in Burma against the democratically elected civilian government, issued Executive Order 14014 "Blocking Property with Respect to the Situation in Burma" ("EO 14014") on February 10, 2021. EO 14014 imposes Sanctions on certain Burmese parties responsible for the coup, which includes prohibiting transactions, freezing of assets, blocked property and interests, and designation as a SDN of such designated parties. Following the issuance of EO 14014, OFAC designated several parties on the SDN list that had ties to the Burmese military responsible for the coup. On June 1, 2021, OFAC published the Burma Sanctions Regulations ("BSR") to implement EO 14014. The BSR does not expand upon Sanctions previously imposed under EO 14014, but does introduce new general licenses authorizes the provision of certain legal services to SDNs designated pursuant to EO 14014, and payment for such services from certain funds originating outside the U.S., the provision and receipt of non-scheduled emergency medical services, deductions from blocked accounts for certain service charges owed to U.S. financial institutions; and transfers of funds or credits between blocked accounts held by U.S. financial institutions in their branches and offices, provided that no transfers are made from accounts held within the United States to accounts held outside the United States, and also provided that a transfer from a blocked account may be made only to another blocked account held in the same name. The U.S. Department of Commerce's Bureau of Industry and Security ("BIS") separately imposed restrictions on exports and sensitive items to the Burmese military and other entities and individuals associated with the coup.

In addition to economic Sanctions, the BIS has imposed restrictions on exports and reexports to Burma, and transfers (in-country) within Burma, of sensitive items subject to the Export Administration Regulations ("EAR") in response to the military coup and escalating violence against Burma's peaceful protesters. BIS has also added to the Entity List four entities – two Burmese military and security services entities responsible for the coup and two commercial entities that are owned and operated by one of those entities. BIS moved Burma from Country Group B to Country Group D:1, which results in a more restrictive review of license applications for exports and reexports involving items subject to the EAR to any end user in Burma. It further renders end users in Burma ineligible for or subject to further restriction with regard to use of certain license exceptions for exports, reexports, and transfers (in-country).

5. Central African Republic Sanctions

On May 12, 2014, President Obama signed Executive Order 13667 "Blocking Property of Certain Persons Contributing to the Conflict in the Central African Republic" ("EO 13667"), ordering economic Sanctions against specific transactions carried out with parties associated to the ongoing conflict in the Central African Republic. EO 13667 targeted only certain persons and their supporters, including armed groups, and not the country's institutions in general. As a result, EO 13667 blocked transactions made between U.S. persons and parties determined to be detrimental to the stability and security of the Central African republic, as well as blocked all property and interests in property of those designated individuals.

6. Chinese Military Companies Sanctions

In November 12, 2020, President Trump issued Executive Order 13959 “Addressing the Threat From Securities Investments that Finance Communist Chinese Military Companies” (“EO 13959”) which prohibited U.S. persons from transacting in securities of designated “Communist Chinese Military Companies.” Then on June 3, 2021 President Biden signed Executive order 14032 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (“EO 14032”). EO 14032 essentially replaced EO 13959, expanding the overall scope of the prohibition on transactions in securities of certain Chinese defense or surveillance technology companies identified as “Chinese Military-Industrial Complex” (“CMIC”) companies. EO 14032 prohibits any U.S. person from engaging in “the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities” of any entity identified as a CMIC.

7. Counter Narcotics Trafficking Sanctions

Through the Narcotics Trafficking Sanctions Regulations, The Foreign Narcotics Kingpin Designation Act and Regulations, and Executive Order 12978 (“EO 12978”), OFAC has imposed economic and trade Sanctions against drug kingpins and international drug traffickers around the world, which includes prohibiting trade and other financial transactions with those involved in drug trafficking. To build on EO 12978, President Biden on December 15, 2021, issued Executive Order 14059, “Imposing Sanctions on Foreign Persons Involved in the Global Illicit Drug Trade” (“EO 14059”) aimed at sanctioning foreign persons who directly or indirectly contribute to the trafficking of illicit drugs, including the illicit product, global sales and widespread distribution of drugs. EO 14059 prohibits U.S. persons from directly or indirectly dealing with or facilitating any transactions with such designated sanctioned parties. As a result, all property, and interests in property of the designated individuals or entities that are in the U.S. or in the possession or control of U.S. persons must be blocked and reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50% or more by one or more blocked persons are also blocked.

8. Counter Terrorism Sanctions

Counter terrorism Sanctions block property and prohibit transactions with persons who commit, threaten to commit, or support terrorism. All property and interests in property of the foreign persons designated by executive orders or by OFAC that are in the U.S. or that hereafter come within possession or control of U.S. persons are blocked. US counterterrorism policy primarily focuses on state sponsorship of international terrorism. State sponsors of terrorism are countries designated by the Secretary of State under Section 6 (j) of the Export Administration Act of 1979 are countries that have “repeatedly provided state support for acts of international terrorism.” Currently, the Secretary of State’s list of state sponsors includes Cuba, Iran, North Korea, and Syria.

The U.S. Department of State also targets terrorist groups such as the Taliban, ISIS, al-Qa’ida, and Hizballah and others, who to plot attacks against the United States and our allies and partners. The U.S. Department of State works to build global consensus to degrade and defeat these adversaries through a combination of diplomatic engagement and foreign assistance. The Department of State also works closely with the U.S. Departments of Defense, Homeland Security, Justice, Treasury, and the Intelligence Community to lead an integrated whole-of-government approach to international counterterrorism.

Taliban and Haqqani Network. The Taliban is designated as a Specially Designated Global Terrorist (“SDGTs”) under Executive Order 13224 (“EO 13224”). The Haqqani Network is designated as an SDGT under EO 13224 and a Foreign Terrorist Organization (“FTO”) under section 219 of the Immigration and Nationality Act (“INA”). These Sanctions do not prohibit U.S. persons from exporting or reexporting goods or services to Afghanistan, provided that the transactions do not involve sanctioned individuals or entities, or property in which a blocked person has an interest unless exempt from regulation or authorized by OFAC. In furtherance of the foregoing and to facilitate humanitarian efforts, on February 11, 2022, President Biden issued an Executive Order to “Protect Certain Property of Da Afghanistan Bank for the People of Afghanistan.” This order, in summary, transfers all embargoed assets of Da Afghanistan Bank (“DAB” or the Central Bank of Afghanistan) held in accounts at United States financial institutions to the Federal Bank of New York and gives OFAC the authority to issue regulations for the release of embargoed asset to assist in the welfare of the Afghani people.

9. Cuba Sanctions

The United States maintains a broad embargo against Cuba. The embargo is generally implemented through the Cuban Assets Control Regulations originally issued pursuant to the Trade With the Enemy Act. Subsequent legislation has revised and amended the Cuban embargo, but it remains one of the most comprehensive Sanctions regime currently maintained by the U.S. against a foreign country. The Cuban Assets Control Regulations prohibit almost all direct or indirect commercial, investment, trade and other business activity involving Cuba, Cuban property or Cuban nationals. Subject to narrow exceptions, goods or services of Cuban origin are prohibited from being imported into the U.S., either directly or through third countries. This also includes the prohibition of products, technology or services being exported from the U.S. to Cuba, either directly or through third countries. The Trade Sanctions and Export Enhancement Act of 2000 allowed certain sales of U.S.-origin foods and agricultural commodities to Cuba under a process called “License Exception AGR,” which is governed by the BIS. In late 2014, President Obama initiated a policy shift away from Sanctions and toward engagement and the normalization of relations. Changes included the rescission of Cuba’s designation as a state sponsor of international terrorism and the easing of restrictions on travel remittances, trade, telecommunications, and banking and financial services. However, in 2017, President Trump changed course and introduced new Sanctions, including restrictions on transactions with companies controlled by the Cuban military. Not long after, in 2019, President Trump increased Sanctions, particularly on travel and remittances to pressure Cuba on human rights and its support of the Venezuelan government. Currently, President Biden has not made any changes to the Cuban Sanctions program.

U.S. businesses with European operations should be particularly careful because the EU does not prohibit trade with Cuba and accounts for about 20% of Cuba’s imports and exports.

10. Cyber-Related Sanctions

In response to President Obama’s Executive Order 13694, which declared a national emergency to address the unusual and extraordinary threat to the national security, foreign policy, and the economy of the United States caused by the increasing prevalence and severity of malicious cyber-enabled activities originating from, or directed by, entities located, in whole or in substantial part, outside the United States, OFAC implemented the Cyber-Related Sanctions Program on April 1, 2015. As part of the Cyber-Related Sanctions Program, OFAC has issued Sanctions against persons and entities who are responsible for, are complicit in, or that have engaged in, certain

malicious cyber-enabled activities, including by providing material and technological support to malicious cyber actors that target the U.S. U.S. persons are generally prohibited from engaging in transactions with sanctioned entities and all property and interests in property of sanctioned entities subject to U.S. jurisdiction are blocked. Sanctions targeting malicious cyber-related activities are also authorized under other statutory and executive branch Sanctions authorities, including the Countering America's Adversaries Through Sanctions Act, as well as Executive Order 14023, "Blocking Property with Respect to Specified Harmful Foreign Activities of the Government of the Russian Federation."

11. [Democratic Republic of the Congo-Related Sanctions](#)

On July 8, 2014, President Obama issued Executive Order 13671, which amended Executive Order 13413 and blocked the property of certain persons contributing to the conflict in the Democratic Republic of Congo. Such property is prohibited from being transferred, paid, exported, withdrawn or otherwise dealt in. The prohibitions include the making of any contribution or provision of funds, goods or services by, to, or for the benefit of any person in the SDN list, or receiving the same from those in the list. The Sanctions do not target all persons and entities within the Republic of Congo, but only those involved in exacerbating the conflict.

12. [Ethiopia-Related Sanctions](#)

On September 17, 2021, President Biden issued Executive Order 14046, "Imposing Sanctions on Certain Persons With Respect to the Humanitarian and Human Rights Crisis in Ethiopia" ("EO 14046"), giving OFAC the authority to issue regulations and designate parties that are involved in actions that threaten the peace, security or stability of Ethiopia, corruption or human rights abuses in northern Ethiopia, obstruction of delivery of humanitarian assistance, targeting of northern Ethiopian individuals, actions that threaten the democratic process or territorial integrity of Ethiopia, or activities that have obstructed the cease fire in northern Ethiopia. In response to EO 14046, OFAC sanctioned certain individuals and entities, as well as Eritrea's only political party and the country's military. Through OFAC guidance, OFAC confirmed that its 50% Rule does not apply to the Ethiopia Sanctions Program. Instead, the Ethiopian Sanctions Program applies only to the specific parties designated by OFAC.

13. [Foreign Interference in a United States Election Sanctions](#)

On September 12, 2018, President Trump issued Executive Order 13848 "Imposing Certain Sanctions in the Event of Foreign Interference in a United States Election" ("EO 13848"), which declared the threat of foreign interferences in U.S. elections a national emergency and authorizes Sanctions on various non-U.S. actors to address the threat of future election meddling. EO 13848 introduces broad Sanctions with respect to targeted foreign persons determined to have interfered with a U.S. election directly or indirectly, introduces a specific analysis and reporting process to identify foreign interference with U.S. elections as well as the foreign persons responsible for it, and requests recommendations for the President, including remedial measures and whether additional Sanctions against targeted foreign persons may be appropriate. Sanctions under EO 13848 targets foreign persons anywhere globally through the imposition of secondary Sanctions, which are measures that are used to punish non-U.S. persons with no-U.S. nexus for violating Sanctions.

14. [Global Magnitsky Sanctions](#)

The Global Magnitsky Sanctions program represents the implementation of multiple legal authorities. Some of these authorities are in the form of an executive order issued by the President of the United States. Other authorities are public laws. These authorities are further codified by OFAC in its regulations. The Global Magnitsky Human Rights Accountability Act authorizes the President to impose economic Sanctions and deny entry into the United States any foreign person identified as engaging in human rights abuse or corruption. On December 20, 2017, President Trump issued Executive Order 13818 “Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption” (“EO 13818”) which broadens the standard of behavior for potentially sanctionable targets from those responsible for statutorily defined “gross violations of intentionally recognized human rights” against certain individuals, to those determined “to be responsible for or complicit in, or to have directly or indirectly engaged in, serious human rights abuse.” EO 13818 specifies additional categories of persons as potential sanction targets, including, for example, any person determined “to be or have been a leader or official of” an entity “that has engaged in, or whose members have engaged in” serious human rights abuse or corruption. OFAC has publically designated individuals under EO 13818.

15. Hong Kong-Related Sanctions

As a result of the passage of the “Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Administrative Region” (the “Hong Kong National Security Law”) the United States took a number of actions, specifically Executive Order 13936 “The President’s Executive Order on Hong Kong Normalization” (“EO 13936”) issued by President Trump on July 14, 2020, and declared a national emergency. EO 13936 stated that Hong Kong was no longer sufficiently autonomous to justify special treatment under U.S. law and it directed OFAC to implement Sanctions on persons who undermine democracy in Hong Kong. In response, OFAC implemented regulations that formally blocked transactions prohibited by EO 13936, and established the process by which persons and entities are added to OFAC’s SDN list. This included all property and interests in property of 50% or greater belonging to these persons – which are in the U.S. or held by U.S. persons being blocked or reported to OFAC.

16. Iran Sanctions

The United States has imposed restrictions on interactions with Iran under various legal authorities since 1979, following the seizure of the U.S. Embassy in Tehran. The Department of State’s Office of Economic Sanctions Policy and Implementation is responsible for enforcing and implementing a number of U.S. Sanctions programs that restrict access to the U.S. for companies that engage in certain commercial activities in Iran.

On February 4, 2022, however, President Biden restored certain Sanctions waivers to allow international nuclear cooperation projects as indirect American-Iranian talks on reviving the 2015 international nuclear deal with Tehran enter the final stretch. The waivers allow certain foreign companies to carry out non-proliferation work to make it harder for Iranian nuclear sites to be used for weapons development. The waivers were rescinded by the United States in 2019 and 2020 under President Donald Trump, who pulled out of the nuclear agreement.

Often overlooked, and the subject of much illegal trade by currency brokers is the exemption from Sanctions for personal and family banking. In cases in which the transfer involves a noncommercial, personal remittance, the transfer of funds to or from Iran or for or on behalf of an individual ordinarily resident in Iran, other than an individual whose property and interests in property are blocked pursuant to § 560.211, is authorized, provided that

the transfer is processed by a United States depository institution or a United States registered broker or dealer in securities and not by any other U.S. person. Due to significant misunderstandings in this area, many U.S. banks are reluctant to undertake such approved transactions for U.S. customers.

17. Iraq-Related Sanctions

In response to Iraq's invasion of Kuwait in 1990, the U.S. imposed comprehensive Sanctions, including a trade embargo against Iraq and a freeze on the assets of the then-Iraqi government. Over the years, a series of Executive Orders adjusted the Sanctions in response to events in Iraq. In 2010, OFAC published final rules removing the Iraqi Sanctions Regulations and adding the Iraq Stabilization and Insurgency Sanctions Regulations, in implementation of Executive Order 13303, Executive Order 13315, Executive Order 13350, Executive Order 13364, and Executive Order 13738. There currently are no broad-based Sanctions in place against Iraq, but there are certain prohibitions and asset freezes against specific individuals and entities associated with the former Saddam Hussein regime, as well as parties determined to have committed, or posed a significant risk of committing, and act of violence that has the purpose or effect or threatening the peace of stability in Iraq or the Government of Iraq or undermining efforts to promote economic reconstruction and political reform in Iraq or to provide humanitarian assistance to the Iraqi people. Unless a transaction involves a party designated on the SDN list, no OFAC authorization is needed for exports to Iraq and financial transactions with Iraq are permitted, including the opening of correspondent accounts for Iraqi financial institutions. There may, however, be certain restrictions and licensing requirements administered by U.S. agencies, such as the Department of Commerce.

18. Lebanon-Related Sanctions

On August 1, 2007, President Bush issued Executive Order 13441 "Blocking Property of Persons Undermining the Sovereignty of, Lebanon or Its Democratic Process and Institutions" ("EO 13441"), pursuant to, *inter alia*, the International Emergency Economic Powers Act, and the National Emergencies Act. Under EO 13441, President Bush determined that actions of certain persons to undermine Lebanon's legitimate and democratically elected government or democratic institutions, to contribute to the deliberate breakdown in the rule of law in Lebanon, including through politically motivated violations and intimidation, to reassert Syrian control or contribute to Syrian interference in Lebanon, or to infringe upon or undermine Lebanese sovereignty contribute to political and economic instability in that country and the region and constitute an unusual and extraordinary threat to U.S. national security and foreign policy. On July 30, 2010, OFAC issued Lebanon Sanctions Regulations, implementing EO 13441. EO 13441 served to block property and interests in property of persons determined by the Secretary of the Treasury, in consultation with the Secretary of State, to have participated in such activities.

Unless otherwise authorized or exempt, transaction by U.S. persons or in or involving the United States are prohibited if they involve transferring, paying, exporting, withdrawing, or otherwise dealing in the property or interests in property of an entity or individual listed on the SDN list. The property and interest in property of an entity that is 50% or more owned, whether individually or in the aggregate, directly or indirectly, by a person on the SDN list are also blocked, regardless of whether the entity itself is listed.

19. Libya Sanctions

On February 25, 2011, President Obama issued Executive Order 13566 "Blocking Property and Prohibiting

Certain Transactions Related to Libya” (“EO 13566”). Pursuant to EO 13556, all transactions involving the Government of Libya, its agencies, instrumentalities, and controlled entities, and the Central Bank of Libya are authorized subject to the following limitations: (i) all funds, including cash, securities, bank accounts and investment accounts, and precious metals blocked pursuant to EO 13566 or OFAC issued Libyan Sanctions Regulations remain blocked, except as provided in General Licenses; and (ii) the transactions do not involve any person designated by OFAC or EO 13566. In 2016, President Obama expanded the scope of the national emergency declared in EO 13566 by issuing Executive Order 13726 “Blocking Property and Suspending Entry Into the United States of Persons Contributing to the Situation in Libya” (“EO 13726”). In addition, the U.S. issued an arms embargo which denies licenses or other approvals for exports of defense articles and defense services destined for or originating in Libya, except that a license or other approval may be issued, on a case-by-case basis, in certain circumstances.

OFAC issues general licenses in order to authorize activities that would otherwise be prohibited with regard to the Libya Sanctions. General licenses allow all U.S. persons to engage in the activity described in the general license without needing to apply for a specific license. Libya General License permit, among other things, transactions with Libya or its persons (i) with respect to transactions related to certain oil, gas, or petroleum products exported from Libya, and (ii) for humanitarian efforts.

20. [Mali-Related Sanctions](#)

On July 26, 2019, President Trump issued Executive Order 13882 “Blocking Property and Suspending Entry of Certain Persons Contributing to the Situation in Mali” (“EO 13882”). EO 13882 authorizes the U.S. Department of the Treasury, in consultation with the Department of State, to sanction individuals who are responsible for or complicit in actions that exacerbate the deteriorating situation in Mali. EO 13882 was issued in response to the ongoing violations of the agreed-to-ceasefire in 2015, the expansion of terrorist activities in the southern and central region of Mali, the intensification of drug trafficking and human trafficking, and the intensification of attacks against civilians, the Malian defense and security forces and United Nations peacekeepers. Any property or interests in property of individuals or entities designated pursuant to EO 13882 that come within the U.S. jurisdiction or possession of a U.S. person must be blocked and reported to OFAC. Unless otherwise permitted, U.S. persons are prohibited from transacting with any individual or entity designated pursuant to EO 13882. The property and interest in property of an entity that is 50% or more owned, whether individually or in the aggregate, directly or indirectly, by a person on the SDN list pursuant to EO 13882 are also blocked, regardless of whether the entity itself is listed.

21. [Nicaragua-Related Sanctions](#)

On November 27, 2018, President Trump issued Executive Order 13851 “Blocking Property of Certain Persons Contributing to the Situation in Nicaragua” (“EO 13851”). EO 13851 targets the government of Nicaragua and certain individuals and entities engaged in human rights abuses, threatening the peace, security, or stability of Nicaragua or deceptive practices or corruption. At the same time, OFAC imposed Sanctions under EO 13851 against the Vice President and First Lady of Nicaragua, as well as the National Security Advisor to the Nicaraguan President and Vice President. U.S. Persons may not engage in transactions with individuals, entities, or governments designated under EO 13851 and are required to block any property or interests of such designated individuals, entities or governments within their possession. These Nicaragua-related Sanctions do not impose a

comprehensive embargo on Nicaragua, but they do target certain current and former Nicaraguan government officials, in particular, and the entities they own or control.

22. [Non-Proliferation Sanctions](#)

There are several measures that the U.S. has taken to combat the proliferation of weapons of mass destruction. Through Executive Order 12938 “Proliferation of Weapons of Mass Destruction” (“EO 12938”), President Clinton in 1994, declared a national emergency with respect to the proliferation of nuclear, biological and chemical weapons, and the means of delivering them. EO 12938 prohibits the importation of goods, technology, or services produced or provided by foreign persons that the Secretary of State has determined ban because of their weapons of mass destruction proliferation activities. In 2011, President Obama extended the order that established the spread of chemical, nuclear and biological weapons as a national emergency through Executive Order 13382 “Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters” (“EO 13382”). EO 13382, blocks the property of persons engaged in proliferation activities and their support networks. Weapons of Mass Destruction Trade Control Regulations implement a ban on imports into the United States, pursuant to EO 12938. In 2019, President Trump issued Executive Order 13883 “Administration of Proliferation Sanctions and Amendment of Executive Order 12851,” which delegates implementation of certain Sanctions under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 to the Secretary of the Treasury.

23. [North Korea Sanctions](#)

The U.S. has imposed unilateral Sanctions on North Korea that restrict economic activities and target a list of individuals and entities. OFAC’s current North Korea Sanctions program began in 2008 when President Bush issued Executive Order 13466 “Continuing Certain Restrictions With Respect to North Korea and North Korea Nationals.” In EO 13466, President Bush declared a national emergency to deal with the threat to the national security and foreign policy of the United States constituted by the existence and risk of the proli

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