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Russia - further U.S. and UK sanctions imposed



Tony Paulson
Head of Asia & Corporate Director

The scope of sanctions against Russia has continued to widen in view of the deteriorating situation in Ukraine, with both the United States and the UK issuing new sanctions in recent days.

United States

OFAC issued a substantial package of new sanctions on 24 February, particularly targeting Russian financial institutions (including Russia's two largest banks Public Joint Stock Company Sberbank of Russia and VTB Bank Public Joint Stock Company). There are also new provisions concerning the provision of debt and equity to a number of entities active in shipping markets, as well as sanctions against President Putin and others in positions of power in Russia.

A copy of the OFAC press release with full details of the new measures can be found [here](#) and some FAQs issued by OFAC found [here](#).

Once again, Freehill Hogan & Mahar have issued a helpful client alert detailing the impact of these sanctions and which can be found [here](#). Members are strongly encouraged to read this Alert carefully and consider the impact of these comprehensive new provisions on their trade, particularly since the Alert makes clear that the scope of the measures are not limited to U.S. persons.

A number of General Licenses were also issued by OFAC. Of particular note are:

- General License 6 which permits “all transactions [otherwise] prohibited by Executive Order (E.O.) 14024 that are ordinarily incident and necessary to: (1) the exportation or reexportation of agricultural commodities, medicine, medical devices, replacement parts and components for medical devices, or software updates for medical devices to, from, or transiting the Russian Federation; or (2) the prevention, diagnosis, or treatment of COVID-19 (including research or clinical studies relating to COVID-19)”.
- General License 8 which permits energy-related activities* and which would otherwise be prohibited by E.O. 14024 with the following entities **but only until 24 June 2022**:
 - State Corporation Bank for Development and Foreign Economic Affairs Vnesheconombank
 - Public Joint Stock Company Bank Financial Corporation Otkritie
 - Sovcombank Open Joint Stock Company
 - Public Joint Stock Company Sberbank of Russia
 - VTB Bank Public Joint Stock Company; or
 - Any entity in which one or more of the above persons own, directly or indirectly, individually or in the aggregate, a 50 percent or greater interest.

*“Energy-related” in this context is defined to mean “the extraction, production, refinement, liquefaction, gasification, regasification, conversion, enrichment, fabrication, transport, or purchase of petroleum, including crude oil, lease condensates, unfinished oils, natural gas liquids, petroleum products, natural gas, or other products capable of producing energy, such as coal, wood, or agricultural products used to manufacture biofuels, or uranium in any form, as well as the development, production, generation, transmission, or exchange of power, through any means, including nuclear, thermal, and renewable energy sources.”

As regards the prohibitions on the provision of debt and equity to certain entities - and which include Gazprom, Gazprom Neft, Transneft and Sovcomflot - the Alert makes clear that the impact on non-U.S. persons is low and they can continue to engage in trade with these entities as long as that activity is not itself prohibited by other measures.

The Nordstream 2 gas pipeline project and its Managing Director have also been sanctioned, though with a wind-down period until **2 March 2022**. Members are strongly advised to ensure that they conclude all business related to this project – including the carriage of parts and materials – by that date.

United Kingdom

On 24 and 25 February the UK designated a number of entities, including VTB Bank as well as Russian President Putin and Foreign Minister Sergei Lavrov. A General Licence was also issued to allow a wind-down period for certain transactions with VTB Bank and which expires on **27 March 2022**. Members subject to UK jurisdiction are strongly recommended to note these new provisions.

The sanctions landscape remains fluid and fast moving in reaction to events on the ground in Ukraine and the Managers will endeavour to keep Members apprised of developments.

As always, Members with any questions regarding these or any other sanctions matters are asked to contact the Managers.