

## CLIENT ALERT:

### U.S. EXTENDS DEADLINE FOR RUSAL WIND-DOWN PERIOD

September 27, 2018

#### **Introduction and Background**

In our Client Alert of April 12, 2018, we reported that on April 6, 2018, the United States Office of Foreign Asset Controls (“OFAC”) designated 12 Russian companies, including United Company Rusal PLC (“Rusal”) to the U.S. Specially Designated Nationals List (“SDN List”). Rusal is one of the world’s largest producers of aluminum and a major shipper of both raw products and finished materials. At the same time as the April 6, 2018, designation of Rusal to the SDN List, OFAC also issued General License No. 12, which gave U.S. persons until June 5, 2018, to wind-down ongoing transactions with Rusal.

Thereafter, in our Client Alert of April 24, 2018, we reported that on April 23, 2018, OFAC issued General License 14, which extended the time for U.S. persons to wind-down operations, contracts or other agreements with Rusal, or any entity of which Rusal owns greater than 50%, until 12:01 a.m. eastern standard time on October 23, 2018.

#### **Further Extension of Wind-Down Period for U.S. Persons**

On September 21, 2018, OFAC issued General License 14A, which further extends the time for U.S. persons to wind-down operations, contracts or other agreements with Rusal, or any entity of which Rusal owns greater than 50%, until 12:01 a.m. eastern standard time on November 12, 2018. In addition, OFAC also issued General License 16A, which further extends the time for U.S. persons to wind-down operations, contracts or other agreements with EN+ Group PLC or JSC EuroSibEnerg, or any entity of which either EN+ Group PLC or JSC EuroSibEnerg owns greater than 50%, until 12:01 a.m. eastern standard time on November 12, 2018.

A copy of the U.S. Treasury Department’s announcement of these extensions is available [here](#).

#### **Impact on Non-U.S. Persons**

The extension of the wind-down period granted by General License 14A applies only to U.S. persons. That said, as explained in our previous Client Alert of April 23, 2018, the extension of the wind-down period authorized by General License 14A further broadens the scope of activities which are permitted for non-U.S. persons. Although Section 10 of SSIDES provides that a non-U.S. person is subject to sanctions if he engages in a “significant

transaction” with Rusal, OFAC FAQs 542, 545, and 742 make clear that a transaction will not be considered “significant” for purposes of Section 10 of SSIDES if a specific license would not be required for a U.S. person to engage in such transaction.

## Summary

The issuance of General License 14A on September 21, 2018, means that U.S. persons now have until November 12, 2018, to wind down their transactions and contracts with Rusal or entities 50% or more owned by Rusal. Similarly, the transactions of non-U.S. persons with Rusal between now and November 12, 2018, will not be considered “significant” since they are activities for which U.S. persons would not require a license during that time frame.

*Disclaimer: This Client Alert provides only a general summary of General Licenses 14A and 16A issued by OFAC on September 21, 2018, and is not intended to constitute comprehensive legal advice. Specific legal advice should be taken with respect to each individual inquiry regarding the designations. For additional clarification, please feel free to contact Bill Juska ([juska@freehill.com](mailto:juska@freehill.com)), Gina Venezia ([venezia@freehill.com](mailto:venezia@freehill.com)) or Bill Pallas ([pallas@freehill.com](mailto:pallas@freehill.com)).*

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