Ukraine-/Russia-related Sanctions

Print this topic

370. What do the prohibitions in Directives 1 and 2 mean? Are they blocking actions?

The sectoral sanctions imposed on specified persons operating in sectors of the Russian economy identified by the Secretary of the Treasury were done under Executive Order 13662 through Directives issued by OFAC pursuant to its delegated authorities. Directive 1, as amended on September 29, 2017 in accordance with section 223(b) of the Countering America's Adversaries Through Sanctions Act of 2017 (CAATSA) (Pub. L. 115-44), prohibits transacting in, providing financing for, or otherwise dealing in debt of specified tenors or equity if that debt or equity was or is issued on or after the relevant sanctions effective date ("new debt" or "new equity") by, on behalf of, or for the benefit of the persons operating in Russia's financial sector named under Directive 1, their property, or their interests in property.

There were two prior (and now superseded) versions of Directive 1, which were issued on July 16, 2014 and September 12, 2014. The prior versions of Directive 1 prohibited the same activities, but involving debt of longer than 90 days maturity (July 16, 2014 version) and 30 days maturity (September 12, 2014 version) or equity if that debt or equity was issued on or after the date a person was determined to be subject to Directive 1.

The relevant tenors of prohibited debt under Directive 1 are noted in the table below.

Directive 1	
Period when the debt was issued	**Applicable tenor of prohibited debt**
On or after July 16, 2014 and before September 12, 2014	Longer than 90 days maturity
On or after September 12, 2014 and before November 28, 2017	Longer than 30 days maturity
On or after November 28, 2017	Longer than 14 days maturity

Directive 2, as amended on September 29, 2017 in accordance with section 223(c) of CAATSA, prohibits transacting in, providing financing for, or otherwise dealing in new debt of specified tenors by, on behalf of, or for the benefit of the persons operating in Russia's energy sector named under Directive 2, their property, or their interests in property.

There were two prior (and now superseded) versions of Directive 2, which were issued on July 16, 2014 and September 12, 2014. The prior versions of Directive 2 prohibited the same activities, but involving debt of longer than 90 days maturity if that debt was issued on or after the date a person was determined to be subject to Directive 2.

The relevant tenors of prohibited debt under Directive 2 are noted in the table below.

Directive 2	
Period when the debt was issued	**Applicable tenor of prohibited debt**
On or after July 16, 2014 and before November 28, 2017	Longer than 90 days maturity

On or after November 28, 2017	Longer than 60 days maturity

Directives 1 and 2 prohibit transactions by U.S. persons as defined in E.O. 13662, wherever they are located, and transactions within the United States. Directives 1 and 2 do not require U.S. persons to block the property or interests in property of the entities identified in the Directives, nor will persons identified in Directives 1 and 2 automatically be added to the Specially Designated Nationals (SDN) List. U.S. persons should reject transactions or dealings that are prohibited by Directives 1 or 2, and to the extent required by section 501.604 of the Reporting, Procedures and Penalties Regulations (31 C.F.R. part 501), U.S. persons must report to OFAC any rejected transactions within 10 business days. [11-28-2017]

371. What does OFAC interpret to be debt and equity? Are there other prohibited activities under Directives 1, 2, and 3? Can U.S. financial institutions continue to maintain correspondent accounts and process U.S. dollar-clearing transactions for the entities subject to these Directives?

The term *debt* includes bonds, loans, extensions of credit, loan guarantees, letters of credit, drafts, bankers acceptances, discount notes or bills, or commercial paper. The term *equity* includes stocks, share issuances, depositary receipts, or any other evidence of title or ownership.

The prohibitions in Directive 1 apply to all transactions involving new debt of specified tenors (see FAQ 370) or new equity; all financing in support of such new debt or new equity; and any dealing in, including provision of services in support of, such new debt or new equity.

For example, for debt that is issued on or after November 28, 2017, on behalf of or for the benefit of a person subject to Directive 1, the maturity of this instrument must be 14 days or less in order for a U.S. person to transact in, to provide financing for, or to otherwise deal in this debt.

For debt that is issued on or after September 12, 2014 but before November 28, 2017, on behalf of or for the benefit of a person subject to Directive 1, the maturity of this instrument must be 30 days or less in order for a U.S. person to transact in, to provide financing for, or to otherwise deal in this debt. If the terms of the agreement do not subsequently change as described in FAQ 394, then a U.S. person may deal in such debt even after the 14-day debt limit comes into effect on November 28, 2017 because such debt would not constitute "new debt" for purposes of the sanctions applicable on or after November 28, 2017.

Likewise, for debt that is issued on or after July 16, 2014 but before September 12, 2014, on behalf of or for the benefit of a person subject to Directive 1, the maturity of this instrument must be 90 days or less in order for a U.S. person to transact in, to provide financing for, or to otherwise deal in this debt. If the terms of the agreement do not subsequently change as described in FAQ 394, then a U.S. person may deal in such debt even after the revised tenors come into effect on September 12, 2014 or November 28, 2017 because such debt would not constitute "new debt" for purposes of the sanctions applicable on those dates.

The prohibitions in Directive 2 apply to all transactions involving new debt of specified tenors (see FAQ 370); all financing in support of such new debt; and any dealing in, including provision of services in support of, such new debt.

For example, for debt that is issued on or after November 28, 2017, on behalf of or for the benefit of a person subject to Directive 2, the maturity of this instrument must be 60 days or less in order for a U.S. person to transact in, to provide financing for, or to otherwise deal in this debt.

For debt that is issued on or after July 16, 2014 but before November 28, 2017, on behalf of or for the benefit of a person subject to Directive 2, the maturity of this instrument must be 90 days or less in order for a U.S. person to transact in, to provide financing for, or to otherwise deal in this debt. If the terms of the agreement do not subsequently change as described in FAQ 394, then a U.S. person may deal in such debt even after the 60-day debt limit comes into effect on November 28, 2017 because such debt would not constitute "new debt" for purposes of the sanctions applicable on or after November 28, 2017.

The prohibitions in Directive 3 apply to all transactions involving new debt with a maturity of longer than 30 days; all financing in support of such new debt; and any dealing in, including provision of services in support of, such new debt.

All the prohibitions in these Directives extend to rollover of existing debt, if such rollover results in the creation of new debt with a maturity of longer than the applicable tenor specified in the relevant Directive (see FAQ 394).

Transacting in, providing financing for, or otherwise dealing in any debt issued by, on behalf of, or for the benefit of persons subject to Directives 1, 2, or 3, or equity issued by, on behalf of, or for the benefit of persons subject to Directive 1, is permissible, if the debt or equity was issued prior to the date on which the person became subject to the relevant Directive. In addition, transacting in, providing financing for, or otherwise dealing in debt instruments with tenors shorter than the specified tenors, even if they are issued after the sanctions effective date, is permissible. Transacting in, providing financing for, or otherwise dealing in new equity instruments of persons subject to Directives 2 and 3 is permissible. U.S. financial institutions may continue to maintain correspondent accounts and process U.S. dollar-clearing transactions for the persons subject to the Directives, so long as those activities do not involve transacting in, providing financing for, or otherwise dealing in transaction types prohibited by these Directives.

In the case of Directive 1, transacting in, providing financing for, or otherwise dealing in debt with a maturity of 90 days or less (if issued on or after July 16, 2014 but prior to September 12, 2014) or 30 days or less (if issued on or after September 12, 2014 but prior to November 28, 2017) that was issued by, on behalf of, or for the benefit of the persons subject to Directive 1 is not prohibited if the terms of such instruments do not change subsequently (see FAQ 394 for additional detail on what constitutes the changing of terms). Similarly, in the case of Directive 2, transacting in, providing financing for, or otherwise dealing in debt with a maturity of 90 days or less (if issued on or after July 16, 2014 but prior to November 28, 2017) that was issued by, on behalf of, or for the benefit of the persons subject to Directive 2 is not prohibited if the terms of such instruments do not change subsequently. Rollovers of such instruments must comply with the new Directive 1 and 2 maturity limits that came into effect on November 28, 2017. [11-28-2017]

372. Do Directives 1, 2, and 3 prohibit U.S. persons from entering into derivatives contracts linked to new debt or new equity issued by the entities subject to the Directives?

On November 28, 2017, OFAC issued General License 1B, which continues to authorize certain transactions involving derivative products that would otherwise be prohibited pursuant to Directives 1, 2, or 3. General License 1B replaced and superseded General License No. 1A, dated September 12, 2014. [11-28-2017]

373. Do the prohibitions imposed pursuant to the Directives also extend to entities owned 50 percent or more by one or more entities identified by these Directives, as per revised guidance OFAC issued on August 13, 2014?

Yes, these prohibitions apply to the named persons, their property, and their interests in property, which includes entities owned 50 percent or more by one or more persons identified as subject to the Directives.

On October 31, 2017, OFAC amended and reissued Directive 4 in accordance with Section 223(d) of the Countering America's Adversaries Through Sanctions Act (CAATSA) (Pub. L. 115-44). For additional information regarding what amended Directive 4 prohibits, see FAQ #412. The amendments to Directive 4 do not change the applicability of OFAC's 50 percent rule in the Directive 4 context. The references to "33 percent or greater ownership" and "ownership of a majority of the voting interests" in subsection 2 of Directive 4 refer to a Directive 4 SSI entity's ownership interest in a deepwater, Arctic offshore, or shale project. [10-31-2017]

550. When OFAC references a prohibition involving an "SSI entity" in these FAQs or in other guidance, what does that term mean?

When OFAC uses the term "SSI entity" in these FAQs or in other guidance, it is referring to an entity subject to the Directive(s) at issue in a particular FAQ or piece of guidance. [11-28-2017]

374. If I own a Kalashnikov product, is that product blocked by sanctions? Am I able to resell a Kalashnikov product at a gun show or other secondary market?

If a U.S. person is in possession of a Kalashnikov Concern product that was bought and fully paid for prior to the date of designation (i.e., no payment remains due to Kalashnikov Concern), then that product is not blocked and OFAC sanctions would not prohibit the U.S. person from keeping or selling the product in the secondary market, so long as Kalashnikov Concern has no interest in the transaction. New transactions by U.S. persons with Kalashnikov Concern are prohibited, however, and any property in which Kalashnikov Concern has an interest is blocked pursuant to OFAC's designation of Kalashnikov Concern on July 16, 2014. If a U.S. person has an inventory of Kalashnikov Concern products in which Kalashnikov Concern has an interest (for example, the products are not fully paid for or are being sold on consignment), we advise that U.S. person to contact OFAC for further guidance on handling of the inventory. [07-16-2014]

375. If I have Kalashnikov products in my inventory, can I sell them?

If a U.S. person has an inventory of Kalashnikov Concern products in which Kalashnikov Concern has an interest (for example, the products are not fully paid for or are being sold on consignment), we advise that U.S. person to contact OFAC for further guidance on handling of the inventory. [07-16-2014]

391. Can U.S. persons issue and deal in new depositary receipts that are based on the equity of an entity subject to sanctions under one of the Directives?

In certain circumstances, yes. U.S. persons, including U.S. financial institutions, may issue and deal in depositary receipts that are based on equity issued by a person subject to Directive 1 prior to the date the person became subject to Directive 1. U.S. persons may not, however, deal in or issue depositary receipts that are based on equity issued by a person subject to Directive 1 on or after the sanctions effective date. Such transactions would constitute prohibited transactions or dealings in new equity under Directive 1. There are no equity-related prohibitions contained within Directives 2, 3, or 4, and thus U.S. persons are not prohibited from issuing or dealing in depositary receipts that are based on equity issued by persons subject only to those Directives. [11-28-2017]

392. How are banks expected to distinguish between transactions involving new versus old equity under Directive 1 if entities subject to Directive 1 issue new equity that utilizes the same International Securities Identification Number (ISIN) or other identifier as equity issued prior to the sanctions effective date?

Directive 1 prohibits U.S. persons from transacting in, providing financing for, or otherwise dealing in new equity for named persons, their property, or their interests in property. Directive 1 also prohibits such transactions from occurring in the United States. If a U.S. person decides to transact or otherwise deal in equity issued by an SSI entity prior to the sanctions effective date, the U.S. person should ensure that it is not transacting in, providing financing for, or otherwise dealing in the newly issued equity. To the extent that a U.S. person does in fact transact in, provide financing for, or otherwise deal in newly issued equity, such activity would constitute a violation of the prohibition set forth in Directive 1. [07-28-2014]

393. Does OFAC consider counterparty credit risk associated with derivatives transactions that are authorized pursuant to General License 1B to Executive Order 13662 to constitute new debt?

OFAC does not consider normal counterparty credit exposure encountered by a U.S. person to be an extension of credit when the U.S. person enters into an otherwise permissible derivatives transaction. U.S. persons engaging in such transactions should ensure that they do not hold, purchase, or sell the underlying asset in such transactions as described in Paragraph (b) of General License 1B. [11-28-2017]

394. If a U.S. person entered into a revolving credit facility or long-term loan arrangement for a person determined to be subject to Directives 1, 2, or 3 prior to the sanctions effective date, what are the restrictions on drawdowns from that facility? Do all drawdowns and disbursements pursuant to the parent agreement need to carry repayment terms of shorter than the applicable tenor specified in the relevant Directive?

If a U.S. person entered into a long-term credit facility or loan agreement prior to the sanctions effective date, drawdowns and disbursements with repayment terms of shorter than the applicable tenor specified in the relevant Directive are permitted. In addition, drawdowns and disbursements whose repayment terms exceed the applicable authorized tenor are not prohibited if the terms of such drawdowns and disbursements (including the length of the repayment period, the interest rate applied to the drawdown, and the maximum drawdown amount) were contractually agreed to prior to the sanctions effective date and are not modified on or after the sanctions effective date. U.S. persons may not deal in a drawdown or disbursement initiated after the sanctions effective date with a repayment term that is longer than the applicable tenor specified in the relevant Directive if the terms of the drawdown or disbursement were negotiated on or after the sanctions effective date. Such a newly negotiated drawdown or disbursement would constitute a prohibited extension of credit. [11-28-2017]

395. Do Directives 1, 2, and 3 prohibit U.S. persons from dealing in or processing transactions under a letter of credit that was issued on or after the sanctions effective date and that carries a term of longer than the applicable tenor specified in the relevant Directive when the beneficiary or the issuing bank of that letter of credit is one of the entities identified as subject to the Directives?

U.S. persons may deal in (including act as the advising or confirming bank or as the applicant (i.e., the purchaser of the underlying goods or services)) or process transactions under a letter of credit in which an entity subject to Directive 1, 2, or 3 is the beneficiary (i.e., the exporter or seller of the underlying goods or services) because the subject letter of credit does not represent an extension of credit to the SSI entity. U.S. persons may deal in (including act as the advising or confirming bank or as the applicant or beneficiary) or process transactions under a letter of credit where the issuing bank is an SSI entity provided that the terms of all payment obligations under the letter of credit conform with the debt prohibitions under the applicable Directives. For example, a U.S. bank acting as the negotiating bank for a letter of credit issued after November 28, 2017 by an SSI entity subject to Directive 1 should ensure that it receives reimbursement from the SSI entity within the allowable 14-day debt limit.

U.S. persons may not deal in (including act as the advising or confirming bank or as the beneficiary) or process transactions under a letter of credit if all of the following three conditions are met: (1) the letter of credit was issued on or after the sanctions effective date, (2) the letter of credit carries a term of longer than the applicable tenor specified in the relevant Directive, and (3) an SSI entity is the applicant of the letter of credit. This would constitute prohibited activity because the subject letter of credit would represent an extension of credit to the SSI entity. [11-28-2017]

396. How do I know when a name has been added, changed, or removed on the Sectoral Sanctions Identifications (SSI) List?

The SSI List available on OFAC's website is the latest version of the list and contains the most updated information on entities determined to be subject to one or more of the Directives. OFAC also maintains "changes files" that record all significant changes to the SSI List. Any addition, alteration, or removal of an SSI record is considered a significant change and will appear in these files along with the date that such an action occurred.

These files are offered in two formats and are called SSINEW14.PDF and SSINEW14.TXT. The changes files are produced by year, thus future file names will be SSINEW15.PDF and SSINEW15.TXT and so on. [09-12-2014]

404. Is the term "new equity" in Directive 1 limited to equity that is issued by an SSI entity after the sanctions effective date or would equity purchased or acquired by an SSI entity from a third party after the sanctions effective date be considered new equity?

The equity prohibitions in Directive 1 pertain to equity issued directly or indirectly, by an SSI entity on or after the sanctions effective date. Directive 1 does not prohibit U.S. persons from dealing with an SSI entity as counterparty to transactions involving equity issued by a non-sanctioned party. [09-12-2014]

405. Does the prohibition on "otherwise dealing in new debt" of longer than the applicable tenor specified in the relevant Directive of SSI entities, their property, or their interests in property prohibit dealing in debt with maturity that exceeds the applicable authorized tenor in which the SSI entity is not directly or indirectly the borrower?

Directives 1, 2, and 3 only prohibit U.S. persons from dealing in new debt that is issued by a person subject to the relevant Directive (and only where the debt has a tenor that exceeds the applicable tenor specified in the relevant Directive). Directives 1, 2, and 3 do not prohibit U.S. persons from dealing with an SSI entity as counterparty to transactions involving debt issued on or after the sanctions effective date by a non-sanctioned party. [11-28-2017]

406. Does the prohibition on dealing in new equity of entities subject to Directive 1 apply to transactions in which those entities are not the issuer of the equity?

U.S. persons are not prohibited from dealing in new equity with an entity subject to Directive 1 if the entity is not the issuer of the equity. For instance, U.S. persons are not prohibited from transacting with an entity subject to Directive 1 in support of new equity where the entity subject to Directive 1 is the underwriter of the equity and not the issuer. [08-27-2014]

407. May a U.S. person consent to a replacement of its participation by a non-U.S. person in a long-term loan facility that was extended to a person subject to Directives 1, 2, or 3 prior to the sanctions effective date?

A U.S. person is not prohibited by Directives 1, 2, or 3 from engaging in transactions necessary to exit or replace its participation in a long-term loan facility that was extended to an SSI entity prior to the sanctions effective date. This would not constitute dealing in new debt. U.S. persons involved in such facilities should ensure that all newly negotiated drawdowns or disbursements from the facility utilize repayment terms that are not prohibited by the applicable sanctions effective date. See FAQ 394 for additional information on what constitutes a permitted drawdown or disbursement from an existing long-term loan obligation. [09-12-2014]

408. Is a U.S. person permitted under Directives 1, 2, or 3 to extend credit for longer than the applicable tenor specified in the relevant Directive to a non-sanctioned party for the purpose of purchasing goods or services from a person subject to Directives 1, 2, or 3?

Directives 1, 2, and 3 do not prohibit U.S. persons from extending credit for longer than the applicable tenor specified in the relevant Directive to non-sanctioned parties for the purpose of purchasing goods or services from an SSI entity, so long as the SSI entity is not the indirect borrower. [11-28-2017]

409. If a person determined to be subject to Directives 1, 2, or 3 is a borrower under a short-term facility created after the sanctions effective date, does the facility become prohibited if the SSI entity borrower makes successive short-term borrowings that cumulatively add up to more than the applicable tenor specified in the relevant Directive (e.g., it borrows $100 million with a 10-day maturity, then at the end of the 10 days, the debt "rolls over")?

Two conditions must be met for short-term facilities created after the sanctions effective date to be permissible. As long as (1) each individual disbursement has a maturity of no longer than the applicable tenor specified in the relevant Directive and the disbursement *is paid back in full* before the next disbursement, and (2) the lender is not contractually required to roll over the balance for a cumulative period of longer than the applicable tenor specified in the relevant Directive at the borrower's request (i.e., it has the option to refuse the request for a new short-term loan and terminate the facility), the loan is not prohibited, even though the same borrower may obtain a series of short-term loans from the same lender over a cumulative period exceeding the applicable tenor specified in the relevant directive.

U.S. persons may not deal in a drawdown or disbursement initiated after the sanctions effective date with a repayment term of longer than the applicable authorized tenor if the terms of the drawdown or disbursement are negotiated or re-negotiated on or after the sanctions effective date. Such a newly negotiated drawdown or disbursement would constitute a prohibited extension of credit. [11-28-2017]

410. Are U.S. persons prohibited from entering into new contracts after the sanctions effective date with persons subject to Directives 1, 2, or 3 that provide payment terms to the SSI entities of greater than the applicable tenor specified in the relevant Directive? For instance, if a U.S. person agrees to sell shares or assets to an SSI entity in a corporate transaction that becomes effective on or after the sanctions effective date, is the U.S. person prohibited from agreeing to deferred purchase payments, even if no interest is involved, that may be paid more than the permissible number of days later by the SSI entity?

Directives 1, 2, and 3 prohibit new extensions of credit to SSI entities of greater than the applicable tenor specified in the relevant Directive, and these prohibitions include deferred purchase agreements extending payment terms of longer than the applicable tenor specified in the relevant Directive to an SSI entity. Such agreements would constitute a prohibited extension of credit to an SSI entity if the terms were longer than the permissible number of days and the agreement was entered into on or after the sanctions effective date. OFAC does not consider the inclusion of an interest rate to be a necessary condition for establishing whether a transaction represents new debt. [11-28-2017]

411. What does the prohibition contained in Directive 3 under Executive Order 13662 mean? What is the scope of prohibited services?

OFAC issued Directive 3, introducing new prohibitions on all transactions in, provision of financing for, and other dealings in new debt of longer than 30 days maturity of persons determined to be subject to the Directive, their property, or their interests in property. Transactions by U.S. persons or within the United States involving derivative products whose value is linked to an underlying asset that constitutes new debt with maturity of longer than 30 days issued by a person subject to Directive 3 are authorized by General License 1B pursuant to Executive Order 13662. [11-28-2017]

412. What do the prohibitions contained in Directive 4 mean? What is the scope of prohibited services?

Directive 4, as amended on October 31, 2017 in accordance with CAATSA, imposes two prohibitions on the provision, exportation, or reexportation of goods, services (except for financial services), or technology for certain activities involving persons subject to Directive 4, their property, or their interests in property, operating in the energy sector of the Russian Federation.

First, Directive 4 prohibits the direct or indirect provision, exportation, or reexportation of goods, services (except for financial services), or technology in support of exploration or production for deepwater, Arctic offshore, or shale projects that have the potential to produce oil in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory, and that involve any person determined to be subject to Directive 4 or such person's property or interests in property.

Second, pursuant to section 223(d) of Title II of CAATSA, Directive 4 further prohibits the direct or indirect provision, exportation, or reexportation of goods, services (except for financial services), or technology in support of exploration or production for deepwater, Arctic offshore, or shale projects that meet all three of the following criteria: (1) the project was initiated on or after January 29, 2018; (2) the project has the potential to produce oil in any location; and (3) any person determined to be subject to Directive 4 or any earlier version thereof, including their property or interests in property, either has a 33 percent or greater ownership interest in the project or owns a majority of the voting interests in the project.

The prohibitions on the exportation of services include, for example, drilling services, geophysical services, geological services, logistical services, management services, modeling capabilities, and mapping technologies. The prohibitions **do not** apply to the provision of financial services, e.g., clearing transactions or providing insurance related to such activities.

When Directive 4 was implemented on September 12, 2014, OFAC contemporaneously issued General License 2, which authorized for 14 days all services and activities prohibited by Directive 4 that are ordinarily incident and necessary to the wind down of operations, contracts, or other agreements involving persons determined to be subject to Directive 4. In order to qualify under this General License, a transaction must have (1) occurred prior to 12:01 a.m. eastern daylight time on September 26, 2014, and (2) been related to operations, contracts, or agreements that were in effect prior to September 12, 2014. General License 2 did not authorize any new provision, exportation, or re-exportation of goods, services, or technology except as needed to cease operations, contracts, or other agreements involving affected projects.

See section 746.5 of the Export Administration Regulations (15 C.F.R. parts 730 through 774) for the Department of Commerce's related license requirement on exports of certain goods for specified deepwater, Arctic offshore, or shale projects. [10-31-2017]

413. For the purposes of Directive 4, how does OFAC define "deepwater" projects that have the potential to produce oil?

A project is considered to be a deepwater project if the project involves underwater activities at depths of more than 500 feet. [09-12-2014]

414. Does Directive 4 apply to projects that have the potential to produce gas?

If a deepwater, Arctic offshore, or shale project has the potential to produce oil, and the other requirements for either of the Directive 4 prohibitions are fully satisfied, then the relevant Directive 4 prohibition applies, irrespective of whether the project also has the potential to produce gas. If the project has the potential to produce gas only, then the Directive 4 prohibitions do not apply. [10-31-2017]

415. For persons determined to be subject to multiple Directives, how do the prohibitions and exemptions listed under one Directive affect prohibitions and exemptions under the other Directives?

Each Directive operates independently of the others. If a transaction involves a person subject to two Directives, for example, a U.S. person engaging in that transaction must comply with the requirements of both Directives. Exemptions in one Directive apply only to the prohibitions contained in that Directive and do not carry over to another Directive. For example, if a person is subject to both Directive 2 and Directive 4, the exemption for the

provision of financial services by U.S. persons or in the United States under Directive 4 does not supersede the prohibition in Directive 2 on dealing in debt of longer than the applicable tenor specified in Directive 2 of such a person (the relevant tenor under Directive 2 varies depending upon when the debt was issued – see FAQ 370). [11-28-2017]

416. What does the "sanctions effective date" mean in the context of sectoral sanctions pursuant to E.O. 13662?

For purposes of the sectoral sanctions, "sanctions effective date" means the date a person is determined to be subject to the prohibition(s) of the relevant Directive. When a person has been previously determined to be subject to a Directive and the prohibitions in the Directive are subsequently amended, (1) the sanctions effective date for the prohibitions of the original Directive remains the date on which the person was identified as subject to the prohibitions of that Directive, and (2) the sanctions effective date for the prohibitions in the amended Directive is the date of the amendment (or other date specified in the amended Directive). [10-31-2017]

418. How does OFAC interpret the term "shale projects" with respect to the prohibitions in Directive 4 under Executive Order 13662?

The term "shale projects" applies to projects that have the potential to produce oil from resources located in shale formations. Therefore, as long as the projects in question are neither deepwater nor Arctic offshore projects, the prohibitions in Directive 4 do not apply to exploration or production through shale to locate or extract crude oil (or gas) in reservoirs. [10-31-2017]

419. How should U.S. persons account for the debt prohibitions under Directives 1, 2, and 3 as they relate to payment terms for the following types of transactions: (1) the sale of goods to an SSI entity, (2) the provision of services to and subscription arrangements involving SSI entities, and (3) progress payments for long-term projects?

U.S. persons may engage in commercial transactions with SSI entities provided that any such transactions do not represent a direct or indirect dealing in prohibited debt or equity. Because offering payment terms of longer than the applicable tenor specified in the relevant Directive to an SSI entity generally constitutes a prohibited dealing in debt of the SSI entity, U.S. persons should ensure that payment terms conform with the applicable debt prohibitions.

For sales of goods to an SSI entity, U.S. persons may extend payment terms of up to the applicable tenor specified in the relevant Directive from the point at which title or ownership of the goods transfers to the SSI entity. For example, for a Directive 1 SSI entity, if the title or ownership of the goods transfers to the SSI entity on December 1, 2017, the U.S. person may give the SSI entity 14 days from December 1 to pay for those goods.

For the provision of services to, subscription arrangements involving, and progress payments for long-term projects involving SSI entities, U.S. persons may extend payment terms of up to the applicable tenor specified in the relevant Directive from the point at which a final invoice (or each final invoice) is issued. Payments made under these types of payment terms should utilize a value date of not later than the applicable tenor specified in the relevant Directive from either the point at which title or ownership has transferred (for payments relating to sales of goods) or the date of each final invoice (for payments relating to services, subscription arrangements, and progress payments). For example, if a U.S. person is providing services for a long-term project involving a Directive 2 SSI entity, and a final invoice is dated December 1, then the SSI entity must pay the invoice within 60 days of December 1 (*i.e.* the value date of the payment should be not later than 60 days from December 1).

In the event that a U.S. person believes that it may not receive payment in full by the end of the relevant payment period, the U.S. person should contact OFAC to determine whether a license or other authorization is required. [11-28-2017]

420. Under Directive 4, does the term "production" encompass activities such as transportation, refining, or other dealings in oil extracted from deepwater, Arctic offshore, or shale projects?

For the purposes of Directive 4, the term "production" refers to the lifting of oil to the surface and the gathering, treating, field processing, and field storage of such oil. The production stage of a project ends when extracted oil is transported out of a field production storage tank or otherwise off of a field production site. Directive 4 does not prohibit the provision by U.S. persons or within the United States of goods, technology, or services to SSI entities when such transactions relate only to the transportation, refining, or other dealings involving oil that has already been extracted from a deepwater, Arctic offshore, or shale project and transported out of a field production storage tank or otherwise off of a field production site. [12-11-2014]

421. How does OFAC interpret the term "Arctic offshore projects" with respect to the prohibitions in Directive 4 under Executive Order 13662?

The term "Arctic offshore projects" applies to projects that have the potential to produce oil in areas that (1) involve drilling operations originating offshore, and (2) are located above the Arctic Circle. The prohibitions do not apply to horizontal drilling operations originating onshore where such drilling operations extend under the seabed to areas above the Arctic Circle. [10-31-2017]

536. For purposes of subsection 2 of Directive 4, what does it mean for a project to be “initiated”?

For purposes of subsection 2 of Directive 4, a project is “initiated” when a government or any of its political subdivisions, agencies, or instrumentalities (including any entity owned or controlled directly or indirectly by any of the foregoing) formally grants exploration, development, or production rights to any party. [10-31-2017]

537. Subsection 2 of Directive 4 applies to certain projects in which a person subject to Directive 4 owns a 33 percent or more interest. Is OFAC changing its guidance on entities owned 50 percent or more by one or more entities subject to Directive 4?

No. The prohibition in subsection 2 of Directive 4 applies to any deepwater, Arctic offshore, or shale project: (1) that is initiated on or after January 29, 2018; (2) that has the potential to produce oil; and (3) in which a person subject to Directive 4 (including its property or interests in property) either (a) owns a 33 percent or more interest, or (b) owns a majority of the voting interests. This prohibition applies to persons determined to be subject to Directive 4 as well as to entities owned 50 percent or more by one or more persons determined to be subject to Directive 4. The following examples illustrate the relationship between amended Directive 4 and OFAC’s 50 percent rule.

Example 1: An SSI entity listed under Directive 4 (“Entity A”) has a 33 percent ownership interest in a deepwater, Arctic offshore, or shale project initiated on or after January 29, 2018 that has the potential to produce oil (“Project X”). The prohibition of subsection 2 of Directive 4 applies to Project X. Consequently, U.S. persons are prohibited from providing goods, services (except for financial services), or technology in support of exploration or production for Project X.

Example 2: Instead of holding a direct interest in Project X, Entity A now owns 50 percent of Entity B, and Entity B holds a 33 percent interest in Project X. As a result of OFAC’s 50 percent rule, Entity B is subject to Directive 4. Because Entity B is subject to Directive 4 and owns a 33 percent or greater interest in Project X, the prohibition of subsection 2 of Directive 4 applies to Project X. Consequently, U.S. persons are prohibited from providing goods, services (except for financial services), or technology in support of exploration or production for Project X.

Example 3: Entity A now owns only 33 percent of Entity B, and Entity A is the only SSI entity that owns any interest in Entity B. Entity B holds a 100 percent ownership interest in Project X. Entity A owns less than 50 percent of Entity B, and so, in accordance with the 50 percent rule, Entity B is not subject to Directive 4. The prohibition of subsection 2 of Directive 4 would therefore not apply to Project X, even though Entity B owns an interest in the project that is 33 percent or greater. [10-31-2017]

538. Does OFAC aggregate ownership stakes of all entities subject to Directive 4 when determining whether a project is 33 percent or more owned by a person subject to Directive 4, or whether a person subject to Directive 4 owns a majority of the voting interests in a project?

Yes. The prohibition of subsection 2 of Directive 4 applies to projects owned 33 percent or more in the aggregate by one or more Directive 4 SSI entities, their property, and their interests in property, including entities owned 50 percent or more by one or more persons determined to be subject to Directive 4. The prohibition also applies to projects in which one or more Directive 4 SSI entities, their property, or their interests in property own an aggregated majority of the voting interests. Accordingly, if two SSI entities listed under Directive 4 each hold a 20 percent ownership interest in Project X, or together own a majority of the voting interests in the project, then the prohibition of subsection 2 of Directive 4 applies to Project X. [10-31-2017]

453. Pursuant to General License 6 under the Ukraine-Related Sanctions Program, are U.S. financial institutions authorized to process noncommercial, personal remittances to or from Crimea (or to or from individuals ordinarily resident in Crimea) when there is no individual who is a U.S. person as either the remitter or beneficiary in the transaction?

Yes. U.S. depository institutions, U.S.-registered brokers or dealers in securities, and U.S.-registered money transmitters are authorized to process noncommercial, personal remittances pursuant to General License 6 regardless of whether the originator or beneficiary is an individual who is a U.S. person. For example, General License 6 authorizes a U.S. depository institution to act as the intermediary financial institution and sole U.S. party in a payment representing a personal remittance originated by a non-U.S. person located outside of the United States for the benefit of an individual located in or ordinarily resident in Crimea. [05-07-2015]

454. Does General License No. 9 authorize U.S. persons to export or reexport services or software with knowledge or reason to know that such services or software are intended for an individual or entity identified on the Sectoral Sanctions Identification List (SSI List)?

General License No. 9 authorizes the exportation or reexportation, directly or indirectly, of certain services and software to persons in the Crimea region of Ukraine, including to individuals and entities identified on the SSI List or who are otherwise subject to directives under Executive Order 13662. However, General License No. 9 does not authorize the exportation or reexportation, directly or indirectly, of services or software with knowledge or reason to know that such services or software are intended for any person whose property and interests in property are blocked. Accordingly, U.S. persons engaging in transactions pursuant to General License No. 9 should conduct due diligence to ensure that such transactions do not involve individuals or entities identified on OFAC's List of Specially Designated Nationals and Blocked Persons or whose property and interests in property are otherwise blocked. [05-21-2015]

539. Section 223(a) of CAATSA states that the "Secretary of the Treasury may determine that a person meets one or more of the criteria in section 1(a) of Executive Order No. 13662 if that person is a state-owned entity operating in the railway or metals and mining sector of the economy of the Russian Federation." Is OFAC going to impose sanctions on persons operating in those sectors?

Section 223(a) of CAATSA does not require the imposition of sanctions. While sanctions may be imposed on potential targets in any sector of the economy of the Russian Federation in the future, maintaining unity with

partners on sanctions implemented with respect to the Russian Federation is important to the U.S. government. The point of the sectoral sanctions is to impose costs on the Russian Federation for its aggression in Ukraine. The United States will continue to work closely with our allies to address unintended consequences arising as a result of such sanctions. [10-31-2017]

540. How will OFAC interpret the following terms as used in section 233 of CAATSA: "investment," "facilitates," "unjustly benefits," and "close associates or family members?"

For purposes of implementing section 233 of CAATSA, OFAC anticipates interpreting these key terms as follows:

"investment" – For purposes of implementing section 233 of CAATSA, OFAC will interpret the term "investment" broadly as a transaction that constitutes a commitment or contribution of funds or other assets or a loan or other extension of credit to an enterprise. For purposes of this interpretation, a loan or extension of credit is any transfer or extension of funds or credit on the basis of an obligation to repay, or any assumption or guarantee of the obligation of another to repay an extension of funds or credit, including: overdrafts, currency swaps, purchases of debt securities issued by the Government of Russia, purchases of a loan made by another person, sales of financial assets subject to an agreement to repurchase, renewals or refinancings whereby funds or credits are transferred or extended to a borrower or recipient described in the provision, the issuance of standby letters of credit, and drawdowns on existing lines of credit.

"facilitates" – For purposes of implementing section 233 of CAATSA, OFAC will interpret "facilitates" to mean the provision of assistance for certain efforts, activities, or transactions, including the provision of currency, financial instruments, securities, or any other transmission of value; purchasing, selling, transporting, swapping, brokering, financing, approving, or guaranteeing; the provision of other services of any kind; the provision of personnel; or the provision of software, technology, or goods of any kind.

"unjustly benefits" – For purposes of implementing section 233 of CAATSA, OFAC will interpret the term "unjustly benefits" broadly to refer to activities such as public corruption that result in any direct or indirect advantage, value, or gain, whether the benefit is tangible or intangible, by officials of the Government of the Russian Federation, or their close associates or family members. Such public corruption could include, among other things, the misuse of Russian public assets or the misuse of public authority.

"close associates or family members" – For purposes of implementing section 233 of CAATSA, OFAC will interpret the term "close associate" of an official of the Government of the Russian Federation as a person who is widely or publicly known, or is actually known by the relevant person engaging in the conduct in question, to maintain a close relationship with that official. OFAC will interpret the term "family member" of an official of the Government of the Russian Federation to include parents, spouses (current and former), extramarital partners, children, siblings, uncles, aunts, grandparents, grandchildren, first cousins, stepchildren, stepsiblings, parents-in-law, and spouses of any of the foregoing. [10-31-2017]

567. I am a U.S. person employee or work at an office of a company that was designated under E.O. 13661 or E.O. 13662, or blocked by operation of law pursuant to OFAC's 50 percent rule on April 6, 2018 as a result of such a designation. What am I authorized to do with respect to continuing activities of the blocked entity?

In issuing General License 12A, OFAC is authorizing a time-limited maintenance or wind down of operations, contracts, or other agreements that were in effect prior to April 6, 2018 and in which the blocked entities listed in General License 12A have an interest, provided that any payment made directly or indirectly to the blocked entities listed in General License 12A be deposited in a blocked account at a U.S. financial institution.

In general, General License 12A would authorize all transactions ordinarily incident to the continuity of operations or to facilitate a wind down, including the provision of salary payments, pension payments, or other

benefits, by the blocked entities listed in General License 12A, or the provision of services by the employee to such blocked entities, until the expiry of General License 12A.

U.S. person employees are encouraged to review the applicable OFAC regulations, authorizations, and public guidance. If, after conducting that review, you are concerned that your activities as an employee are not authorized by general license, you may contact OFAC.

If you are a U.S. person employee of an individual or entity that is not among the blocked entities listed in General License 12A, including entities blocked pursuant to OFAC's 50 percent rule, you are prohibited from engaging in transactions with such individual or entity, including the provision or receipt of goods or services, or otherwise transacting or dealing in any property in which the individual or entity has an interest. If you wish to seek authorization to maintain or wind down operations, contracts, or other agreements with such individual or entity, contact OFAC.

[04-23-2018]

568. I am a U.S. person, and I am also an employee, or sit on the board, of an entity that was either designated under E.O. 13661 or E.O. 13662, or blocked by operation of law pursuant to OFAC's 50 percent rule on April 6, 2018 as a result of such a designation. Can I continue to be employed by or sit on the board of a blocked entity? What am I allowed to do with respect to severing ties with the entity?

Absent authorization from OFAC, your continued employment or board membership with such an entity is prohibited. You should review the actions you view as necessary to sever your ties with the blocked entity against applicable OFAC regulations, authorizations, and public guidance. If, after conducting that review, you decide that any of the contemplated activities necessary to sever the relationship are prohibited, you should apply for a specific license. If you are unsure about whether authorization is required, contact OFAC. [04-06-2018]

569. A U.S. company had ordered goods from an entity that was designated under E.O. 13661 or E.O. 13662, or blocked pursuant to OFAC's 50 percent rule on April 6, 2018 as a result of such a designation. May the U.S. company still accept the goods?

Yes, provided that the importation is in accordance with the requirements and limitations specified in General License 12A . For the limited period of time specified in the general license, General License 12A authorizes all transactions ordinarily incident and necessary to the maintenance or wind down of operations, contracts, or other agreement, which includes authorization for U.S. persons to import goods into the United States from the blocked entities listed in General License 12A, provided that any outstanding payment for the goods be deposited in a blocked account at a U.S. financial institution. [04-23-2018]

570. I own shares in or global depositary receipts (GDRs) related to shares in an entity that was designated under E.O. 13661 or E.O. 13662, or blocked pursuant to OFAC's 50 percent rule on April 6, 2018 as a result of such a designation. What action am I allowed to take with respect to those shares or GDRs?

For the limited period of time specified in the general license, General License 13C authorizes certain divestment and transfer activities related to debt, equity, or other holdings in EN+ Group, GAZ Group, or United Company RUSAL PLC, or in entities in which those persons own, directly or indirectly, a 50 percent or greater interest, that were issued by Irkutskenergo, GAZ Auto Plant, or Rusal Capital Designated Activity Company ("Other Issuer Holdings"), subject to certain conditions and exceptions. Specifically, General License 13C authorizes U.S. persons to divest or transfer to a non-U.S. person, or to facilitate the transfer by a non-U.S. person to another non-U.S. person, debt, equity, or other holdings in EN+ Group, GAZ Group, or United Company RUSAL PLC, or Other Issuer Holdings as described in General License 13C. However, such

divestment, transfer, or facilitation must not result in U.S. persons selling debt, equity, or other holdings to; purchasing or investing in debt, equity, or other holdings in; or facilitating such transactions with, directly or indirectly, any blocked person, including the entities identified in General License 13C, other than purchases of or investments in debt, equity, or other holdings in the entities identified in General License 13C that are ordinarily incident and necessary to the divestment or transfer of debt, equity, or other holdings in the entities identified in General License 13C. See General License 13C for further details.

General License 13C superseded General License 13B on July 31, 2018. [07-31-2018]

571. I am a U.S. person holding accounts for or other property of an entity or individual that was designated under E.O. 13661 or E.O. 13662, or blocked pursuant to OFAC's 50 percent rule on April 6, 2018 as a result of such a designation. Does General License 13C allow me to unblock this property?

No. For the limited period of time specified in the general license, General License 13C authorizes certain divestment and transfer activities related to debt, equity, or other holdings in EN+ Group, GAZ Group, or United Company RUSAL PLC, or in entities in which those persons own, directly or indirectly, a 50 percent or greater interest, that were issued by Irkutskenergo, GAZ Auto Plant, or Rusal Capital Designated Activity Company ("Other Issuer Holdings"), subject to certain conditions and exceptions. It does not authorize U.S. persons to sell debt, equity, or other holdings to; to purchase or invest in debt, equity, or other holdings in; or to facilitate such transactions with, directly or indirectly, EN+ Group, GAZ Group, or United Company RUSAL PLC, or any other blocked person other than purchases of or investments in debt, equity, or other holdings in the entities identified in General License 13C that are ordinarily incident and necessary to the divestment or transfer of debt, equity, or other holdings in the entities identified in General License 13C.

General License 13C superseded General License 13B on July 31, 2018. [07-31-2018]

572. Prior to April 6, 2018, E.O. 13662 only applied to OFAC's Ukraine-/Russia-related sectoral sanctions and identifications under the Sectoral Sanctions Identification List. Why is OFAC designating individuals and entities under E.O. 13662?

Although E.O. 13662 provides OFAC the authority to impose sectoral sanctions on specified persons operating in sectors of the Russian economy as implemented through Directives 1-4, OFAC may also designate persons as blocked under E.O. 13662. Unlike with SSI entities, U.S. persons must block the property and interests in property of any person designated as blocked pursuant to E.O. 13662. Persons designated as blocked under E.O. 13662 are added to the SDN List. SSI entities on the SSI List are identified with the descriptive text "Executive Order 13662 Directive Determination," followed by the applicable Directive. [04-06-2018]

573. A person designated under E.O. 13661 or E.O. 13662, or blocked by operation of law pursuant to OFAC's 50 percent rule on April 6, 2018 as a result of such a designation holds an ownership interest of less than fifty percent in a U.S. company. In such a scenario, how does the U.S. company comply with U.S. sanctions?

If one or more blocked persons in such a scenario does not hold a 50 percent or more interest in the U.S. company, the U.S. company is not itself blocked, but the U.S. company must block all property and interests in property in which the blocked person has an interest. See OFAC's 50 percent rule guidance. Depending on the nature of the property blocked by the U.S. company, the U.S. company may be able to continue operating, but any payments, dividends, or disbursement of profits to the blocked person would be prohibited and, to the extent such payments are required, must be placed in a blocked account at a U.S. financial institution. If a U.S. company is in such a scenario, the U.S. company is encouraged to contact OFAC to determine whether a license or other authorization is required.

[04-06-2018]

574. Will foreign persons be subject to sanctions for doing business with the individuals or entities designated under E.O. 13661 or E.O. 13662, or blocked pursuant to OFAC's 50 percent rule on April 6, 2018 as a result of such a designation?

Section 228 of CAATSA amends SSIDES by inserting a mandatory sanctions provision on foreign persons that Treasury determines, inter alia, knowingly facilitate significant transactions, including deceptive or structured transactions, for or on behalf of any person subject to U.S. sanctions with respect to the Russian Federation, or their child, spouse, parent, or sibling. Additionally, section 226 of CAATSA amends UFSA by making the sanctions in that section mandatory. Under the amended section 5 of UFSA, foreign financial institutions face correspondent account or payable through account sanctions if the Secretary of the Treasury determines, inter alia, that they knowingly facilitate significant financial transactions on behalf of any Russian person added to OFAC's SDN List pursuant to UFSA, E.O. 13660, E.O. 13661, E.O. 13662, E.O. 13685, or any other E.O. addressing the crisis in Ukraine.

As described in FAQs 542 and 545, a transaction is not "significant" if U.S. persons would not require specific licenses from OFAC to participate in it. Therefore, activity authorized by Ukraine-/Russia-related General Licenses 12A and 13, and occurring within the time period authorized in these general licenses, would not be considered "significant" for the purposes of a sanctions determination under section 10 of SSIDES, as amended by CAATSA, and section 5 of UFSA, as amended by CAATSA. Nothing in the general licenses should be construed as authorizing deceptive or structured transactions.

The intent of the designations on April 6, 2018 is to impose costs on Russia for its malign behavior. The United States remains committed to coordinating with our allies and partners in order to mitigate adverse and unintended consequences of these designations. [04-23-2018]

575. Why is OFAC issuing General License 14, and what new activity does it authorize?

The purpose of General License 14 is to allow United Company RUSAL PLC (RUSAL) or any other entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest, to continue maintenance or wind down activities until October 23, 2018. Although all funds blocked prior to 12:01 a.m. eastern daylight time, April 23, 2018 remain blocked, the general license authorizes the use of these blocked funds for the maintenance and wind down activities described in General License 14. In addition, U.S. persons are not required to block transactions authorized by General License 14 that occur on or after April 23, 2018, except for transactions involving blocked persons other than RUSAL or any other entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest. For a discussion of the relationship between General License 14 and foreign persons, please see FAQs 579 and 580.

[04-23-2018]

576. Under what circumstances can OFAC give further sanctions relief to RUSAL or any other entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest?

Consistent with OFAC regulations, parties may be removed by demonstrating a change in the circumstances that led to their designation. In the case of RUSAL, absent other adverse information and consistent with the facts and circumstances of any petition for delisting, the path for the United States to provide sanctions relief is through divestment and relinquishment of control of RUSAL by any Specially Designated Nationals, including Oleg Deripaska. [05-22-2018]

577. I am a U.S. person holding accounts for or other property of RUSAL or another entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest. Does General License 14 allow me to unblock this property?

No. All accounts or other property of RUSAL or any other entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest blocked as of April 23, 2018 remain blocked, except for the use in maintenance and wind-down activities described in General License 14. U.S. persons, however, may engage in transactions authorized by General License 14 that occur on or after April 23, 2018 without blocking payments associated with such transactions, except for transactions involving blocked persons other than RUSAL (including any other entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest). [04-23-2018]

578. How did General License 12A differ from General License 12?

General License 12A was amended to reflect the authorization in General License 14. Specifically, U.S. persons were no longer required to place into a blocked account payments to or for RUSAL, or any other entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest, for activities authorized by General License 14. Activities necessary to the maintenance or wind down of operations or existing contracts of RUSAL and any other entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest, are authorized pursuant to General License 14 through October 23, 2018. On May 1, 2018, OFAC issued amended General License 12B. See FAQ 583. OFAC issued amended General License 12C on May 22, 2018 to make conforming edits in light of the issuance of General License 15. [05-22-2018]

579. Will foreign persons be subject to sanctions under CAATSA for engaging in activity with RUSAL or any other entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest?

As described in FAQs 542, 545, and 574, a transaction will not be considered "significant" for the purposes of a sanctions determination under section 10 of SSIDES, as amended by section 228 of CAATSA, and section 5 of UFSA, as amended by section 226 of CAATSA, if U.S. persons would not require specific licenses from OFAC to participate in such a transaction. Therefore, activity authorized by General License 14, and occurring within the time period authorized by General License 14, would not be considered "significant" for the purposes of a sanctions determination under section 10 of SSIDES, as amended by CAATSA, or section 5 of UFSA, as amended by CAATSA. [04-23-2018]

580. I am a foreign person that seeks to pay RUSAL or another entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest for goods or services connected with maintenance or wind-down activities authorized by General License 14. Am I required to deposit payment into a blocked account at a U.S. financial institution in order for my payment to not be considered "significant" for purposes of section 10 of SSIDES, as amended by section 228 of CAATSA, or section 5 of UFSA, as amended by section 226 of CAATSA?

No. U.S. persons may engage in activities authorized by General License 14 that occur on or after April 23, 2018, except for activities involving blocked persons other than RUSAL (or any other entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest) without making associated payments into a blocked account. Similarly, foreign persons may engage in activities that would be authorized by General License 14 if engaged in by a U.S. person without making associated payments into a blocked account. [04-23-2018]

581. I am a U.S. person that seeks to supply goods to RUSAL. Am I permitted to export those goods from the United States to RUSAL pursuant to General License 14?

Yes. General License 14 does not restrict exports to RUSAL (or any other entity in which RUSAL owns, directly or indirectly, a 50 percent or greater interest), provided that the activity is for maintenance or wind down and consistent with the requirements of other federal agencies. [04-23-2018]

582. I am located outside of the United States and seek to export goods from a third-country location in connection with activity for the maintenance or wind down of contracts or agreements with an entity listed on General License 12B (or any other entity in which a listed entity in 12B owns, directly or indirectly, a 50 percent or greater interest). Are such exports excluded from the authorization in General License 12B or otherwise subject to section 10 of SSIDES, as amended by section 228 of CAATSA, or section 5 of UFSA, as amended by section 226 of CAATSA?

No. Although General License 12B does not authorize the exportation of goods from the United States, paragraph (d)(4) of General License 12B does not similarly apply to the exportation of goods from a third country to another location. [05-01-2018]

583. Why is OFAC issuing General License 12B, and what new activity does it authorize?

OFAC issued General License 12B to address difficulties blocked U.S. persons are having accessing funds needed for authorized wind-down and maintenance activities. General License 12B explicitly permits originating and intermediary U.S. financial institutions to process funds transfers that they would otherwise block to an account held by a blocked U.S. person at a U.S. financial institution. In addition, General License 12B clarifies that U.S. financial institutions can release such funds for authorized maintenance and wind-down purposes only. On May 22, 2018, OFAC issued amended General License 12C to make conforming edits in light of the issuance of General License 15. [05-22-2018]

584. Why is OFAC issuing General License 13A, and what new activity does it authorize?

OFAC is amending General License 13 to include certain entities that issued debt and equity for EN+ Group, GAZ Group, United Company RUSAL PLC, or entities in which those persons own, directly or indirectly, a 50 percent or greater interest. The purpose of this amendment is to further the original intended relief. In particular, it authorizes transactions and activities necessary to divest or transfer debt, equity, or other holdings in EN+ Group, GAZ Group, or United Company RUSAL PLC. It also authorizes such transactions in entities in which those persons own, directly or indirectly, a 50 percent or greater interest, provided that such debt, equity, or other holdings were issued by Irkutskenergo, GAZ Auto Plant, or Rusal Capital Designated Activity Company. The authorization in GL 13A includes transactions and activities to facilitate the transfer of such debt, equity, or other holdings by a non-U.S. person to another non-U.S. person in order to enable U.S. persons to participate in such transactions.

In addition, General License 13A clarifies that U.S. persons – including U.S. person counterparties – are authorized to engage in certain intermediate purchases of or investments in debt, equity, or other holdings (e.g., purchases of securities to be delivered to a counterparty to close out a short position), that are ordinarily incident and necessary to divestment authorized by General License 13A. General License 13A does not authorize any transactions with any person whose property or interests in property is blocked pursuant to any part of 31 C.F.R. chapter V, other than those persons described in General License 13A. See paragraph (d) of General License 13A for additional exceptions to the authorization.

General License 13A also clarifies the authorization for certain trades involving the purchase of securities in the blocked persons identified by General License 13A that were executed prior to the sanctions actions date but have not settled due to the imposition of sanctions.

On May 31, 2018, OFAC issued GL 13B, which superseded GL 13A and extended the expiration date to 12:01 am eastern daylight time August 5, 2018. On July 31, 2018, OFAC issued GL 13C, which superseded GL 13B and extended the expiration date to 12:01 am eastern daylight time October 23, 2018. See also FAQ 570. [07-31-2018]

585. May U.S. persons do business with a foreign company in which blocked persons hold, individually or in the aggregate, a less than 50 percent interest? Are foreign persons, including foreign financial institutions, subject to sanctions under section 10 of SSIDES, as amended by section 228 of CAATSA, and section 5 of UFSA, as amended by section 226 of CAATSA, for doing business with a foreign company in which blocked persons hold, individually or in the aggregate, a less than 50 percent interest?

If one or more blocked persons does not hold, individually or in the aggregate, a 50 percent or greater interest in a foreign company, the foreign company is not itself blocked by virtue of OFAC's 50 percent rule, and U.S. persons generally are not prohibited from engaging in transactions with the foreign company unless otherwise prohibited (for example, a transaction with the foreign company that specifically involves a blocked person). Likewise, as described in FAQs 542 and 545, if foreign persons, including foreign financial institutions, are engaging in transactions with such a foreign company, such transactions would not be considered "significant" for the purposes of a sanctions determination under section 10 of SSIDES, as amended by CAATSA, or section 5 of UFSA, as amended by CAATSA. The foregoing does not apply if the ownership in the foreign company by one or more blocked persons, individually or in the aggregate, rises to or above 50 percent. [05-01-2018]

586. Why is OFAC issuing General License 15, and what new activity does it authorize?

The purpose of General License 15 is to allow GAZ Group or any other entity in which GAZ Group owns, directly or indirectly, a 50 percent or greater interest, to continue maintenance or wind down activities until October 23, 2018. Although all funds blocked prior to 12:01 a.m. eastern daylight time, May 22, 2018, remain blocked, the general license authorizes the use of these blocked funds for the maintenance and wind down activities described in General License 15. In addition, U.S. persons are not required to block transactions authorized by General License 15 that occur on or after May 22, 2018, except for transactions involving blocked persons other than GAZ Group or any other entity in which GAZ Group owns, directly or indirectly, a 50 percent or greater interest. For a discussion of the relationship between General License 15 and foreign persons, please see FAQs 589 and 590. [05-22-2018]

587. Under what circumstances can OFAC give further sanctions relief to GAZ Group or any other entity in which GAZ Group owns, directly or indirectly, a 50 percent or greater interest?

Consistent with OFAC regulations, parties may be removed by demonstrating a change in the circumstances that led to their designation. In the case of GAZ Group, absent other adverse information and consistent with the facts and circumstances of any petition for delisting, the path for the United States to provide sanctions relief is through divestment and relinquishment of control of GAZ Group by any Specially Designated Nationals, including Oleg Deripaska. [05-22-2018]

588. I am a U.S. person holding accounts for or other property of GAZ Group or another entity in which GAZ Group owns, directly or indirectly, a 50 percent or greater interest. Does General License 15 allow me to unblock this property?

No. All accounts or other property of GAZ Group or any other entity in which GAZ Group owns, directly or indirectly, a 50 percent or greater interest blocked as of May 22, 2018, remain blocked, except for the use in maintenance and wind-down activities described in General License 15. U.S. persons, however, may engage in transactions authorized by General License 15 that occur on or after May 22, 2018, without blocking payments associated with such transactions, except for transactions involving blocked persons other than GAZ Group (including any other entity in which GAZ Group owns, directly or indirectly, a 50 percent or greater interest). [05-22-2018]

589. Will foreign persons be subject to sanctions under CAATSA for engaging in activity with GAZ Group or any other entity in which GAZ Group owns, directly or indirectly, a 50 percent or greater

interest?

As described in FAQs 542, 545, and 574, a transaction will not be considered "significant" for the purposes of a sanctions determination under section 10 of SSIDES, as amended by section 228 of CAATSA, and section 5 of UFSA, as amended by section 226 of CAATSA, if U.S. persons would not require specific licenses from OFAC to participate in such a transaction. Therefore, activity authorized by General License 15, and occurring within the time period authorized by General License 15, would not be considered "significant" for the purposes of a sanctions determination under section 10 of SSIDES, as amended by CAATSA, or section 5 of UFSA, as amended by CAATSA. [05-22-2018]

590. I am a foreign person that seeks to pay GAZ Group or another entity in which GAZ Group owns, directly or indirectly, a 50 percent or greater interest for goods or services connected with maintenance or wind-down activities authorized by General License 15. Am I required to deposit payment into a blocked account at a U.S. financial institution in order for my payment to not be considered "significant" for purposes of section 10 of SSIDES, as amended by section 228 of CAATSA, or section 5 of UFSA, as amended by section 226 of CAATSA?

No. U.S. persons may engage in activities authorized by General License 15 that occur on or after May 22, 2018, except for activities involving blocked persons other than GAZ Group (or any other entity in which GAZ Group owns, directly or indirectly, a 50 percent or greater interest) without making associated payments into a blocked account. Similarly, foreign persons may engage in activities that would be authorized by General License 15 if engaged in by a U.S. person without making associated payments into a blocked account. [05-22-2018]

591. I am a U.S. person that seeks to supply goods to GAZ Group. Am I permitted to export those goods from the United States to GAZ Group pursuant to General License 15?

Yes. General License 15 does not restrict exports to GAZ Group (or any other entity in which GAZ Group owns, directly or indirectly, a 50 percent or greater interest), provided that the activity is for maintenance or wind down and consistent with the requirements of other federal agencies. [05-22-2018]

592. Do General License 12C, General License 14, and General License 15 authorize U.S. persons to receive regularly scheduled payments of principal and interest from a blocked person listed in General License 12C, General License 14, or General License 15 pursuant to the terms of a loan or bond in existence prior to April 6, 2018? Do General License 12C, General License 14, and General License 15 authorize U.S. persons to receive accelerated payments or voluntary prepayment pursuant to the terms of such loan or bond?

Yes, General License 12C, General License 14, and General License 15 authorize U.S. persons to receive regularly scheduled payments of principal and interest from a blocked person listed in the respective general license so long as the loan or bond was in existence prior to April 6, 2018, and the payments are in accordance with the terms of the preexisting loan or bond contract. As a general matter, General License 12C, General License 14, and General License 15 also would authorize U.S. persons to receive accelerated payments or voluntary prepayments from a blocked person listed in the respective general license so long as such accelerated payments or voluntary prepayments are made in accordance with the terms of the preexisting loan or bond contract and are consistent with maintenance or wind down activities. If you are unsure about whether General License 12C, General License 14, or General License 15 authorizes such accelerated payments or voluntary prepayments, you may contact OFAC. [05-25-2018]

593. If a blocked person holds an equity interest in a foreign entity, and the foreign entity is not itself a blocked person pursuant to OFAC's fifty percent rule, can the foreign entity be sanctioned under section

10 of SSIDES, as amended by section 228 of CAATSA, and section 5 of UFSA, as amended by section 226 of CAATSA, for paying dividends to the blocked person?

Whether paying dividends to a blocked person who holds an equity interest in the foreign company of less than fifty percent, individually or in the aggregate, would result in OFAC imposing sanctions under these authorities on the payer of the dividends depends on whether OFAC determines that such a transaction is "significant." For information on how OFAC determines whether a transaction is significant, see FAQs 542, 545, 579, and 589. Paying dividends into a blocked account or in a manner that does not provide economic benefit, directly or indirectly, to the blocked person, such as an escrow account, will not be considered "significant" for the purposes of a sanctions determination under section 10 of SSIDES, as amended by CAATSA, or section 5 of UFSA, as amended by CAATSA. [05-25-2018]

625. What types of activities are considered "maintenance" as the term is used in General License 14, General License 15, and General License 16?

As a general matter, the authorization for "maintenance" in General License 14, General License 15, and General License 16 includes all transactions ordinarily incident to the continuity of operations. See FAQ 567. Additionally, for the purposes of General License 14, General License 15, and General License 16, the authorization for "maintenance" generally includes all transactions and activities ordinarily incident to performing under a contract or agreement in effect prior to April 6, 2018, provided that the level of performance is consistent with the terms of the general license and consistent with past practices that existed between the party and the blocked entity prior to April 6, 2018. Notwithstanding the absence of a contract or agreement in effect prior to April 6, 2018, the authorization for "maintenance" also generally includes all transactions and activities ordinarily incident to obtaining goods or services from or providing goods or services to a blocked entity listed in General License 14, General License 15, or General License 16 in a manner consistent with the terms of the general license and consistent with past practices that existed between the party and the blocked entity prior to April 6, 2018. OFAC will consider the transaction history between the party, or any intermediary party, and the blocked entity prior to April 6, 2018 in assessing whether activity is consistent with past practices. The authorization for "maintenance" also generally includes authorization to enter into contingent contracts for transactions and activities consistent with the above, extending beyond the current expiration of General Licenses 14, 15, and 16, where any performance after the expiration of the general license is contingent on such performance either not being prohibited or being authorized by OFAC.

For example, transactions and activities authorized by General License 14, General License 15, and General License 16 could include issuing or accepting purchase orders and making or receiving shipments consistent with the terms of the general license that were initiated after April 6, 2018 involving the blocked entities if such activity is ordinarily incident and necessary to contracts in effect prior to April 6, 2018 (provided the purchase and shipment amounts are consistent with past practices, as demonstrated by transaction history). Similarly, transactions and activities that are not within the framework of a preexisting agreement may be considered "maintenance" if such activity is consistent with the transaction history between the person and the blocked entity prior to April 6, 2018. Conversely, General License 14, General License 15, and General License 16 would not authorize purchase orders and shipments involving the blocked entities listed in those general licenses where there was no preexisting relationship between a person and a blocked entity or where the contemplated activity exceeds past practices that existed between the party and the blocked entity prior to April 6, 2018 as demonstrated by transaction history. Stockpiling inventory, for example, would not be authorized unless transaction history indicates that the scope and extent of maintaining inventory is consistent with past practice. [09-14-2018]

626. My company signed a procurement contract with a blocked person prior to April 6, 2018. Is stockpiling inventory authorized under General License 14, General License 15, and General License 16?

No. As explained in FAQ 625, the stockpiling of inventory – even if pursuant to a contract executed prior to April 6, 2018 – would not be authorized unless the transaction history indicates that the scope and extent of

maintaining inventory is consistent with past practice between the party and the blocked entity. [09-14-2018]

Section 226 - Imposition of Sanctions with Respect to Foreign Financial Institutions (FFIs)

---

541. What activities can trigger sanctions on a foreign financial institution (FFI) under section 226 of CAATSA?

Section 226 of CAATSA amends section 5 of the Ukraine Freedom Support Act (UFSA) by making the sanctions in that section, which previously were discretionary, mandatory. Under the amended section, FFIs face sanctions if the Secretary of the Treasury determines that they knowingly engage in significant transactions involving certain defense- and energy-related activities or knowingly facilitate significant financial transactions on behalf of any Russian person added to OFAC's SDN List pursuant to UFSA, Executive Order (E.O.) 13660, E.O. 13661, E.O. 13662, or E.O. 13685, or any other E.O. addressing the crisis in Ukraine. FFIs will not be subject to sanctions under this amended section solely on the basis of knowingly facilitating significant financial transactions on behalf of persons listed on OFAC's Sectoral Sanctions Identification List pursuant to Directives 1-4 of E.O. 13662.

Unless the Secretary of State makes a determination that it is not in the national interest of the United States to do so, the Secretary of the Treasury shall prohibit the opening and prohibit or impose strict conditions on the maintaining in the United States of correspondent accounts or payable-through accounts for any FFI that the Secretary of the Treasury, in consultation with the Secretary of State, determines has engaged in sanctionable activity. [10-31-2017]

---

542. How does OFAC interpret the following terms as used in section 5 of UFSA, as amended by section 226 of CAATSA: "significant transaction," "significant financial transaction," and "facilitated?"

We anticipate that regulations to be promulgated will generally reflect the following:

"**significant transaction**" and "**significant financial transaction**" – For purposes of implementing section 5 of UFSA, as amended by section 226 of CAATSA, OFAC will consider the totality of the facts and circumstances when determining whether transactions or financial transactions are "significant." OFAC will consider the following list of seven broad factors that can assist in the determination of whether a transaction is "significant": (1) the size, number, and frequency of the transaction(s); (2) the nature of the transaction(s); (3) the level of awareness of management and whether the transaction(s) are part of a pattern of conduct; (4) the nexus between the transaction(s) and a blocked person; (5) the impact of the transaction(s) on statutory objectives; (6) whether the transaction(s) involve deceptive practices; and (7) such other factors that the Secretary of the Treasury deems relevant on a case-by-case basis. For purposes of section 5 of UFSA, a transaction is not significant if U.S. persons would not require specific licenses from OFAC to participate in it.

OFAC will generally interpret the term "financial transaction" broadly to encompass any transfer of value involving a financial institution. For example, the following is a non-exhaustive list of activities that OFAC would consider to be a "financial transaction":
• The receipt or origination of wire transfers;
• The acceptance of commercial paper (both retail and wholesale), and the clearance of such paper (including checks and similar drafts);
• The receipt or origination of ACH or ATM transactions;
• The holding of nostro, vostro, or loro accounts;
• The provision of trade finance or letter of credit services;
• The provision of guarantees or similar instruments;
• The provision of investment products or instruments or participation in investments; and

• Any other transactions for or on behalf of, directly or indirectly, a person serving as a correspondent, respondent, or beneficiary.

"**facilitated**" – For purposes of implementing section 5 of UFSA, OFAC will generally interpret the term "facilitated" broadly. "Facilitated" refers to the provision of assistance for certain efforts, activities, or transactions, including the provision of currency, financial instruments, securities, or any other transmission of value; purchasing; selling; transporting; swapping; brokering; financing; approving; guaranteeing; the provision of other services of any kind; the provision of personnel; or the provision of software, technology, or goods of any kind. [04-06-2018]

---

543. How will U.S. financial institutions and FFIs know that the Department of the Treasury has imposed prohibitions or strict conditions on FFIs' correspondent accounts or payable-through accounts in the United States pursuant to section 5 of UFSA?

If, pursuant to Section 5 of UFSA, Treasury decides to impose strict condition(s) on maintaining U.S. correspondent accounts or U.S. payable-through accounts for an FFI, or decides to prohibit the opening or maintaining of U.S. correspondent accounts or U.S. payable-through accounts for an FFI, Treasury will add the name of the FFI to a list similar to the List of Foreign Financial Institutions Subject to Part 561 (the "Part 561 List"). Treasury will establish and publicize that list before adding any FFIs to it. The list will be included in the Consolidated Sanctions List Data Files, and will be available for download in all Consolidated Sanctions List data file formats. [10-31-2017]

Section 228 - Mandatory Imposition of Sanctions With Respect to Certain Transactions with Foreign Sanctions Evaders and Serious Human Rights Abusers in the Russian Federation

---

544. What is the relationship between CAATSA and the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (SSIDES)?

Section 228 of CAATSA adds two sections to SSIDES that impose mandatory sanctions. [10-31-2017]

---

545. What do the following key terms in Section 10 of SSIDES mean: "foreign person," "knowingly," "materially violate," "facilitates . . . for or on behalf of," "significant transaction," "deceptive or structured transaction"?

We anticipate that regulations to be promulgated will generally reflect the following:

"**foreign person**" – As indicated in section 10(f)(2) of SSIDES, which was added pursuant to CAATSA, the phrase "foreign person" is defined in 31 C.F.R. § 595.304.

"**knowingly**" – For purposes of section 10(a) of SSIDES, OFAC will interpret this term consistent with its usage in section 221 of CAATSA, which provides the following: "The term 'knowingly', with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result."

"**materially violate**" – For purposes of section 10(a)(1) of SSIDES, OFAC will interpret the term "materially violate" to refer to an "egregious" violation. A determination about whether a violation is egregious will be based on an analysis of the applicable General Factors as described in OFAC's Economic Sanctions Enforcement Guidelines, located in subsection (B)(1), section V of Appendix A to 31 C.F.R. part 501.

"**facilitation . . . for or on behalf of**" – For purposes of section 10(a)(2) of SSIDES, facilitating a significant transaction for or on behalf of a person will be interpreted to mean providing assistance for a transaction from which the person in question derives a particular benefit of any kind (as opposed to a generalized benefit conferred upon undifferentiated persons in aggregate). Assistance may include the provision or transmission of currency, financial instruments, securities, or any other value; purchasing, selling, transporting, swapping, brokering, financing, approving, or guaranteeing; the provision of other services of any kind; the provision of personnel; or the provision of software, technology, or goods of any kind.

"**significant transaction**" – For purposes of section 10(a)(2) of SSIDES, OFAC will consider the totality of the facts and circumstances when determining whether transactions are "significant." OFAC will consider the following list of seven broad factors that can assist in the determination of whether a transaction is "significant": (1) the size, number, and frequency of the transaction(s); (2) the nature of the transaction(s); (3) the level of awareness of management and whether the transaction(s) are part of a pattern of conduct; (4) the nexus between the transaction(s) and a blocked person; (5) the impact of the transaction(s) on statutory objectives; (6) whether the transaction(s) involve deceptive practices; and (7) such other factors that the Secretary of the Treasury deems relevant on a case-by-case basis.

Furthermore, for purposes of section 10(a)(2) of SSIDES, a transaction is not significant if U.S. persons would not require specific licenses from OFAC to participate in it. A transaction in which the person(s) subject to sanctions is only identified on the Sectoral Sanctions Identifications (SSI) List must also involve deceptive practices (i.e., attempts to obscure or conceal the actual parties or true nature of the transaction(s), or to evade sanctions) to potentially be considered significant. A transaction involving an SSI entity is not, however, automatically significant simply because a U.S. person would require a specific license from OFAC to participate in it and it involves deceptive practices. In all cases, the totality of the circumstances, including the other factors listed above, will shape the final determination of significance.

"**deceptive or structured transactio**n" – As indicated in section 10(f)(3) of SSIDES as added by CAATSA, the term "structured" is defined in 31 C.F.R. § 1010.100(xx). Structured transactions are a type of deceptive transaction. A "deceptive transaction" is one that involves deceptive practices. As described in 31 C.F.R. § 561.404(f), "deceptive practices" are attempts to obscure or conceal the actual parties or true nature of a transaction, or to evade sanctions. [10-31-2017]

---

546. In section 10(a)(2)(A) of SSIDES, are persons "subject to sanctions imposed by the United States with respect to the Russian Federation" limited to persons listed on OFAC's Specially Designated Nationals and Blocked Persons (SDN) List, or does it include persons identified on the Sectoral Sanctions Identifications (SSI) List as well?

For purposes of implementing section 10(a)(2)(A) of SSIDES, OFAC will interpret the phrase "subject to sanctions imposed by the United States with respect to the Russian Federation" to be persons subject to sanctions under SSIDES, as amended, UFSA, as amended, provisions of CAATSA with respect to the Russian Federation, and any covered Executive order as defined in Section 10(f)(1) of SSIDES. Persons "subject to sanctions imposed by the United States with respect to the Russian Federation" include persons listed on either the SDN or SSI List, as well as persons subject to sanctions pursuant to OFAC's 50 percent rule. [03-15-2018]

---

552. Has the Treasury Department now sanctioned the individuals and entities included in its January 29, 2018 report on senior political figures, oligarchs, and parastatal entities of the Russian Federation?

No. Pursuant to section 241 of Countering America's Adversaries Through Sanctions Act of 2017 (Pub. L. 115-44), the Treasury Department, in consultation with Secretary of State and the Director of National Intelligence, delivered a report on January 29, 2018 to the specified congressional committees regarding significant senior political figures and oligarchs in the Russian Federation and Russian parastatal entities.

This report is not a "sanctions list." While some persons mentioned in the report may have been sanctioned pursuant to other authorities, the inclusion of individuals or entities in this report, its appendices, or its classified annex does not and in no way should be interpreted to impose sanctions on those individuals or entities. Inclusion in this report also does not constitute a determination by any agency that any of those individuals or entities meet the criteria for designation under any sanctions program. Moreover, the inclusion of individuals or entities in this report, its appendices, or its classified annex does not, in and of itself, imply, give rise to, or create any restrictions, prohibitions, or limitations on dealings with such persons by either U.S. or foreign persons. Neither does inclusion in the unclassified report indicate that the U.S. Government has information about the individual's involvement in malign activities. [01-30-2018]

---

627. What is the purpose of the Executive Order (E.O.) of September 20, 2018, "Authorizing the Implementation of Certain Sanctions Set Forth in the Countering America's Adversaries Through Sanctions Act"?

Title II of the Countering America's Adversaries Through Sanctions Act, as amended (CAATSA), and the Ukraine Freedom Support Act of 2014, as amended (UFSA), provide for the imposition of certain sanctions with respect to the Russian Federation. The E.O. of September 20, 2018 provides authority under the International Emergency Economic Powers Act (IEEPA) to the Secretary of the Treasury to take certain actions to further implement those sanctions and directs agencies of the United States Government to take all appropriate measures within their authority to ensure the full implementation of those sanctions.

Specifically, the E.O., among other things, (i) delegates the implementation of listed sanctions menu items in section 235 of CAATSA and section 4(c) of UFSA regardless of whether that agency is delegated the authority to select the sanctions under section 235 of CAATSA or section 4(c) of UFSA, as applicable, and (ii) authorizes the Secretary of the Treasury to employ all powers granted to the President by IEEPA and relevant provisions of UFSA and CAATSA to carry out the purposes of the E.O. Section 4(c) of UFSA provides a menu of nine sanctions from which the Secretary of the Treasury or the Secretary of State must select when imposing sanctions on persons pursuant to sections 4(a) or 4(b) of UFSA. Furthermore, section 235 of CAATSA provides a menu of 12 sanctions from which the Secretary of the Treasury or the Secretary of State must select when imposing sanctions on persons pursuant to sections 224(a)(2), 231(a), 232(a), and 233(a) of CAATSA. The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) anticipates promulgating regulations to implement these sanctions.

The E.O. provides for comprehensive implementing and penalties provisions that enable OFAC, among other things, to promulgate regulations and issue administrative subpoenas, licenses, and the full range of civil enforcement actions with respect to sanctions violations. [09-20-2018]