



U.S. Government Issues new Ukraine and Russia-Related Sanctions

In July 2014, the U.S. Government announced several rounds of sanctions and export restrictions imposed against certain Russian entities and individuals in response to the current situation in Ukraine. For your reference, review the [complete list of sanctioned entities from the Department of Treasury, Office of Foreign Assets Control \(OFAC\) website](#), as well as the [press release issued by the Department of Commerce, Bureau of Industry \(BIS\)](#).

1) Description of the New Measures

A. Specially Designated Nationals (SDN) List Additions

The newest Ukraine-related measures impose targeted sanctions on specific individuals, entities, and regions, including the blocking (or “freezing”) of assets and visa bans for entry into the United States. The sanctioned individuals include various members of the Russian government, for example the Deputy Chairman of the DUMA, the Minister for Crimea Affairs, and the Commander of the Fifth Service of the FSB, as well as one of President Putin’s direct aides. The sanctions also target a number of Russian arms manufacturers. The entities, individuals, and regions have been added to the OFAC SDN List.

B. New Sectoral Sanctions

The new measures also include the imposition of “sectoral” sanctions aimed specifically at the financial and energy sectors, imposed pursuant to Executive Order 13662. The newly-sanctioned entities include several prominent Russian financial institutions, such as Gazprombank OAO, Vnesheconombank (VEB), Bank of Moscow, and VTB Bank, as well as OAO Novatek, Russia’s largest independent natural gas producer, and Open Joint-Stock Company Rosneft Oil Company (Rosneft), Russia’s largest petroleum

company. As part of the new sanctions, OFAC has named these entities to the newly-created Sectoral Sanctions Identification (SSI) List.

These sectoral sanctions are limited in nature, and generally prohibit U.S. persons and persons within the United States from transacting in, providing financing for, or otherwise dealing in “new debt” by, on behalf of, or for the benefit of the sanctioned entities, their property, or their interests in property. Please note, these sanctions do not constitute blocking orders, and the entities named to the SSI List have not been named to the SDN List as of Aug. 1, 2014.

C. Entity List Additions

The U.S. Department of Commerce has also named certain Russia/Ukraine-based entities to the Entity List, which effectively prohibits exports, re-exports, and transfers of items subject to the Export Administration Regulations to those entities.

Companies may export products from the United States to Russia and Ukraine as long as they do not engage in any prohibited transactions with any sanctioned individuals or entities, and comply with U.S. export control laws.

2) How to Comply with the Measures

a) Companies and individuals may continue to export products from the United States to Russia and Ukraine, as long as they are done in compliance with U.S. export control laws and do not involve any sanctioned or otherwise restricted entity or individual, including but not limited to SDNs and entities named to the Commerce Department Entity List.

b) It is recommended that compliance and in-house legal teams notify and continue to update operational personnel dealing or potentially dealing, directly or indirectly, with transactions involving Russia or Ukraine on the list of sanctioned entities and individuals. It is important to communicate to relevant personnel that significant restrictions exist for both U.S. and non-U.S. entities engaged in or planning to be engaged in transactions that enter the U.S. territory or financial system (such as U.S. dollar clearing transactions), especially if they involve certain prominent individuals in Russia or Ukraine as many prominent entities and financial institutions will continue to be sanctioned by the U.S. Government.

c) U.S. entities and non-U.S. entities engaged in transactions that enter the U.S. territory or financial system should continue to screen all parties and entities involved in Russia or Ukraine-related transactions as well as the transactions against all of the most up-to-date relevant lists of designated and sanctioned individuals and prohibited transactions.

d) U.S. entities and non-U.S. entities engaged in transactions that enter the U.S. territory or financial system should incorporate the new Sectoral Sanctions Identification List into its party screening procedure. Although OFAC has not yet provided a searchable portal for the Sectoral Sanctions Identification List, the list is available in PDF format.

e) If a U.S. entity, or non-U.S. entity is engaged in transactions that enter the U.S. territory or financial system, proposes to have dealings (directly or indirectly) with any entity or individual that does appear on any of the sanctions lists, then the entity should halt all activities related to the transaction, and consult with legal counsel whether a given sanction prohibits the transaction or, instead, triggers a licensing requirement.

Furthermore, anyone who may be subject to U.S. or EU law (or Australian, Canadian or Japanese law, for that matter) should assess the particular activities contemplated to determine whether they are permissible under existing sanctions and export control measures. They may also review and consider enhancing commercial contract terms to provide expressly for termination without penalty if economic sanctions would prohibit performance of the contract. This may help to protect the individual or company doing business with Ukraine or Russia from contractual claims by a counterparty, if one party ceases performance of the contract due to restrictions dictated by economic sanctions.

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