



In the past several weeks, the United States (“US”), like many other countries around the globe, began issuing and implementing a series of sweeping economic sanctions, export controls, and trade restrictions in response to events in Ukraine taken by Russia. Responsive actions taken to date by the US are numerous, have developed quickly, and continue to evolve on a daily basis. Below, we summarize some of the main actions taken by the US through 18 March 2022 that impact trade, certain financial institutions, government officials, and other individuals with ties to the region and the Russian government.

This summary is not intended to be exhaustive and excludes the actions taken by other nations. Additional alerts may be issued as events evolve.

### Recent actions taken by the Biden Administration

Several Executive Orders (EO), both past and recent, underpin various export control actions, including:

- Executive Order (EO) 14024, issued on 15 April 2021 provided for the blocking of property with respect to specified harmful foreign activities of the Government of the Russian Federation
- EO 14039, issued on 20 August 2021, provided for the blocking of property with respect to certain Russian energy export pipelines; and
- EO 14065, issued on 21 February 2022, prohibited new investment in the Donetsk People’s Republic (“DNR”) or Luhansk People’s Republic (“LNR”) regions of Ukraine. It also prohibited direct and indirect imports of goods and services from the DNR and LNR regions, as well as the exportation, reexportation, sale, or supply, directly or indirectly, of goods, services, and technology to the DNR and LNR regions.
- EO 14066, issued on 8 March 2022, prohibited the import of certain fossil fuel goods from Russia as well as banning new investments in the Russian energy sector by US persons.

- EO 14068, issued on 11 March 2022, prohibited the import from and export to Russia of certain additional goods, including the import of fish and seafood, alcoholic beverages and diamonds, and the export of “luxury goods” and “U.S. dollar-denominated banknotes.”

Additionally, on 26 February 2022, the Biden Administration announced that the US would join several other nations in removing Russian banks from the Society for Worldwide Interbank Financial Communications, the global messaging system used by over 11,000 banks worldwide to facilitate international payments. The stated goal, as released by the White House, is to “ensure that these banks are disconnected from the international financial system and harm their ability to operate globally.”

#### Recent actions taken by the Office of Foreign Assets Control

The US Department of Treasury’s Office of Foreign Assets Control (“OFAC”) has also recently issued multiple measures affecting the Government of Russia and/or specific entities named in these actions. These include:

- Correspondent and Payable-Through Account (“CAPTA”) Sanctions issued on the Public Joint Stock Company Sberbank of Russia (“Sberbank”) and 25 of its related entities. Sberbank is the largest bank in Russia and holds more than one-third of all Russian banking assets. These sanctions were based on Directive 2 of EO 14024, which prohibits:
  - US financial institutions from opening or maintaining a CAPTA for or on behalf of any entity determined to be subject to the prohibitions of the Russia-related CAPTA Directive, or their property or interests in property; or
  - processing transactions involving any such entities determined to be subject to the Russia-related CAPTA Directive, or their property or interests in property.

Compliance with these sanctions is required by 12:01 a.m. US Eastern Time on 26 March 2022.

- Full blocking sanctions issued on Russia’s second largest financial institution, VTB Bank Public Joint Stock Company, and its related entities, as well as three additional major Russian financial institutions: Otkritie, Novikom, and Sovcom.
- Debt and equity prohibitions issued against Russia’s major state-owned and private entities based on Directive 3 of EO 14024, which restricts access to US financial activities for 13 Russian entities that collectively are valued at USD 1.4 trillion.

Also pursuant to the directives of EO 14065, OFAC blocked property of certain persons and prohibited certain transactions related to continued Russian efforts to undermine Ukraine, including:

- Authorizing the imposition of sanctions on individuals deemed to be operating in or aiding entities in Donetsk and Luhansk; and
- Banning US investment, financing, imports, or exports involving the Donetsk and Luhansk regions of Ukraine by US persons or entities.

#### Actions taken by the Bureau of Industry and Security

On 24 February 2022, the US Department of Commerce’s Bureau of Industry and Security (“BIS”) issued a final rule with immediate effect to restrict exports to Russia and certain regions of Ukraine controlled by Russia. Such restricted exports included certain US- and foreign-produced items. The restrictions set forth in the final rule included:

- Restrictions on the export of strategic goods produced with US-origin software, technology, or equipment (including goods produced in third-party countries) unless otherwise authorized by OFAC or a BIS license. Specifically, the rule:
  - added a new license requirement for all Export Control Classification Numbers (ECCNs) in Categories 3-9 of the Commerce Control List, 58 of which were not previously controlled to Russia (including microelectronics,

- telecommunications items, sensors, navigation equipment, avionics, marine equipment, and aircraft components); and
- amended the restrictions on Russian “military end users” and “military end uses” to “cover all items subject to the Export Administration Regulations (“EAR”) with exceptions for: (i) food and medicine designated as EAR99; and (ii) items classified as ECCN 5A992.c or 5D992.c, so long as they are not for Russian “government end users” or “state-owned enterprises;”
- Restrictions on the use of EAR license exceptions for Russia exports, re-exports, and transfers (in-country), leaving only certain sections of limited license exceptions available for exports to Russia; and
- The expansion of the existing Russia “military end use” and “military end user” controls related to applicable Russian entities, particularly all items to Russian “military end users” or for “military end uses” except: (i) food and medicine designated as EAR99; and (ii) items classified as 5A992.c or 5D992.c not intended for Russian “government end users” or “state owned entities.”

On 2 March 2022, the BIS issued another final rule essentially placing the same export restrictions on Belarus, effective 2 March 2022.

Additionally, on 3 March 2022, the BIS announced that it would amend the EAR, effective 3 March 2022, to further restrict exports to Russia by generally prohibiting the export of machinery and equipment used for refining oil.

Finally, on 11 March 2022, the BIS published further amendments to the EAR, effective 11 March 2022, to implement the restrictions on the export of “luxury goods” to Russia and Belarus pursuant to EO 14068.

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**For more information, contact:**

**United States**

Kristine Dozier  
[kdozier@deloitte.com](mailto:kdozier@deloitte.com)

Helen Cousineau  
[hcousineau@deloitte.com](mailto:hcousineau@deloitte.com)

Pablo Lecour  
[pablolecour@deloitte.com](mailto:pablolecour@deloitte.com)

**Global / Americas**

Kristine Dozier  
[kdozier@deloitte.com](mailto:kdozier@deloitte.com)

**EMEA**

Johan Hollebeek  
[jhollebeek@deloitte.nl](mailto:jhollebeek@deloitte.nl)

**Asia-Pacific**

Meng Yew Wong  
[mewong@deloitte.com](mailto:mewong@deloitte.com)

Richard Mackender  
[rimackender@deloitte.com](mailto:rimackender@deloitte.com)



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