

# OFAC

Office of Foreign Assets Control

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## UKRAINE/RUSSIA- RELATED SANCTIONS PROGRAM

*This document is explanatory only and does not have the force of law. Executive Orders 13660, 13661, 13662, 13685, applicable laws, and the implementing regulations pertaining to Ukraine (31 C.F.R. part 589) contain the legally binding provisions governing the sanctions. This document does not supplement or modify the Executive orders or the Regulations.*



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# SANCTIONS AGAINST PERSONS CONTRIBUTING TO THE SITUATION IN UKRAINE AND PROHIBITING CERTAIN TRANSACTIONS WITH RESPECT TO THE CRIMEA REGION OF UKRAINE

## I. INTRODUCTION

The Ukraine/Russia-related sanctions program implemented by the Office of Foreign Assets Control (OFAC) began on March 6, 2014, when the President, in Executive Order (E.O.) 13660, declared a national emergency to deal with the threat posed by the actions and policies of certain persons who had undermined democratic processes and institutions in Ukraine; threatened the peace, security, stability, sovereignty, and territorial integrity of Ukraine; and contributed to the misappropriation of Ukraine's assets. In further response to the actions and policies of the Government of the Russian Federation, including the purported annexation of the Crimea region of Ukraine, the President issued three subsequent Executive orders that expanded the scope of the national emergency declared in E.O. 13660. Together, these orders authorize, among other things, the imposition of sanctions against persons responsible for or complicit in certain activities with respect to Ukraine; against officials of the Government of the Russian Federation; against persons operating in the arms or related materiel sector of the Russian Federation; and against individuals and entities operating in the Crimea region of Ukraine. E.O. 13662 also authorizes the imposition of sanctions on certain entities operating in specified sectors of the Russian Federation economy. Finally, E.O. 13685 also prohibits the importation or exportation of goods, services, or technology to or from the Crimea region of Ukraine, as well as new investment in the Crimea region of Ukraine by a United States person, wherever located.

## II. OVERVIEW OF AUTHORITIES

On March 6, 2014, the President issued [E.O. 13660](#) pursuant to, *inter alia*, the [International Emergency Economic Powers Act](#) (50 U.S.C. §§ 1701 *et seq.*) (IEEPA) and the [National Emergencies Act](#) (50 U.S.C. §§ 1601 *et seq.*) (NEA).

On March 16, 2014, the President issued [E.O. 13661](#) pursuant to, *inter alia*, IEEPA and the NEA to expand the scope of the national emergency declared in E.O. 13660 of March 6, 2014.

On March 20, 2014, the President issued [E.O. 13662](#) pursuant to, *inter alia*, IEEPA and the NEA to further expand the scope of the national emergency declared in Executive Order 13660 of March 6, 2014, and expanded by Executive Order 13661 of March 16, 2014.

On May 8, 2014, OFAC issued a set of regulations to implement E.O. 13660, E.O. 13661, and E.O. 13662 (79 Fed. Reg. 26365, May 8, 2014). [See 31 C.F.R. part 589](#), Ukraine-Related Sanctions Regulations (the "Regulations") for details.

On July 16, 2014, the Secretary of the Treasury, after consultation with the Secretary of State, issued a determination that section 1(a)(i) of E.O. 13662 shall apply to the financial services and energy sectors of the Russian Federation economy.

On September 12, 2014, the Secretary of the Treasury, after consultation with the Secretary of State, issued a determination that section 1(a)(i) of E.O. 13662 shall also apply to the defense and related materiel sector of the Russian Federation economy.

On December 19, 2014, the President issued [E.O. 13685](#) pursuant to, *inter alia*, IEEPA and NEA to take additional steps to address the Russian occupation of the Crimea region of Ukraine. E.O. 13685 prohibits the exportation or importation of any goods, services, or technology to or from the Crimea region of Ukraine, and prohibits new investment in the Crimea region of Ukraine by a U.S. person, wherever located.

Ukraine/Russia-related sanctions also block the property and interests in property of individuals and entities listed in the Annex to E.O. 13661 or of those determined by the Secretary of the Treasury, after consultation with the

Secretary of State, to meet the criteria in E.O. 13660, E.O. 13661, E.O. 13662, or E.O. 13685, including those determined:

- To be responsible for or complicit in, or to have engaged in, directly or indirectly, any of the following:
  - Actions or policies that undermine democratic processes or institutions in Ukraine;
  - Actions or policies that threaten the peace, security, stability, sovereignty, or territorial integrity of Ukraine; or
  - Misappropriation of state assets of Ukraine or of an economically significant entity in Ukraine;
- To have asserted governmental authority over any part or region of Ukraine without the authorization of the Government of Ukraine;
- To be a leader of an entity that has, or whose members have, engaged in any activity described in E.O. 13660 or of an entity whose property and interests in property are blocked pursuant to E.O. 13660;
- To be an official of the Government of the Russian Federation;
- To operate in the arms or related materiel sector in the Russian Federation;
- To operate in such sectors of the Russian Federation economy as may be determined by the Secretary of Treasury, in consultation with the Secretary of State;
- To operate in the Crimea region of Ukraine;
- To be a leader of an entity operating in the Crimea region of Ukraine;
- To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly a senior official of the Government of the Russian Federation; or a person whose property and interests in property are blocked pursuant to E.O. 13660, E.O. 13661, E.O. 13662, or E.O. 13685; or
- To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of a senior official of the Government of the Russian Federation; activity described in subsections a(i) or a(ii) of E.O. 13660; or a person whose property and interests in property are blocked pursuant to E.O. 13660, E.O. 13661, E.O. 13662, or E.O. 13685.

*This fact sheet is a broad summary of the sanctions currently in place. For an updated list of authorities and sanctions please refer to the OFAC's website at:*

<http://www.treasury.gov/resource-center/sanctions/Programs/pages/ukraine.aspx>.

### III. PROHIBITED TRANSACTIONS

Sanctions with respect to the Ukraine/Russia-related sanctions program fall into the following three broad categories, as set forth in greater detail below:

- (1) Blocking sanctions against individuals and entities designated pursuant to E.O. 13660, E.O. 13661, E.O. 13662, or E.O. 13685 and listed on the List of Specially Designated Nationals and Blocked Persons (SDN List);
- (2) Sectoral sanctions against entities operating in sectors of the Russian economy identified by the Secretary of the Treasury pursuant to E.O. 13662 and listed on the Sectoral Sanctions Identification List (SSI List); and

- (3) A new investment ban and prohibition on the exportation or importation of goods, technology, or services to or from the Crimea region of Ukraine.

#### Blocking sanctions

Unless otherwise authorized or exempt, transactions by U.S. persons or in the United States are prohibited if they involve transferring, paying, exporting, withdrawing, or otherwise dealing in the property or interests in property of an entity or individual listed on OFAC's SDN List. The property and interests in property of an entity that is 50 percent or more owned, whether individually or in the aggregate, directly or indirectly, by one or more persons whose property and interests in property are blocked pursuant to any part of 31 C.F.R. chapter V are also blocked, regardless of whether the entity itself is listed. For details please see:

[http://www.treasury.gov/resource-center/sanctions/Documents/licensing\\_guidance.pdf](http://www.treasury.gov/resource-center/sanctions/Documents/licensing_guidance.pdf).

#### Sectoral sanctions

The sectoral sanctions imposed on specified persons operating in the Russian economy identified by the Secretary of the Treasury were implemented under E.O. 13662 through Directives issued by OFAC pursuant to its delegated authorities. Those Directives impose prohibitions on U.S. persons and within the United States for certain specified transactions with entities made subject to the relevant Directive, as identified on the SSI List. The property and interests in property of an entity that is 50 percent or more owned, whether individually or in the aggregate, directly or indirectly, by one or more sanctioned persons are also sanctioned, regardless of whether the entity itself is listed on the SSI List. The property and interests in property of these persons are not blocked, nor are transactions with them prohibited beyond these restrictions.

- Directive 1, as amended, prohibits the following transactions by U.S. persons and within the United States: (1) all transactions in, provisions of financing for, and other dealings in new debt of longer than 30 days maturity or new equity of persons determined to be subject to Directive 1, their property, or their interests in property; and (2) all activities related to debt or equity issued before September 12, 2014, that would have been prohibited by the prior version of Directive 1 (which extended to activities involving debt of longer than 90 days maturity or equity if that debt or equity was issued on or after the date a person was determined to be subject to Directive 1).
- Directive 2, as amended, prohibits the following transactions by U.S. persons and within the United States: transacting in, providing financing for, or otherwise dealing in new debt of longer than 90 days maturity of the persons subject to Directive 2, their property, or their interests in property.
- Directive 3 prohibits the following transactions by U.S. persons and within the United States: transacting in, providing financing for, or otherwise dealing in new debt of longer than 30 days maturity of the persons subject to Directive 3, their property, or their interests in property.
- Directive 4 prohibits the following transactions by U.S. persons and within the United States: providing, exporting, or reexporting, directly or indirectly, goods, services (except for financial services), or technology in support of exploration or production for deep-water, 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 subject to Directive 4, its property, or its interests in property.

The names of those persons and entities listed in an Annex to, or designated pursuant to, E.O. 13660, E.O. 13661, E.O. 13662, and E.O. 13685, whose property and interests in property are blocked, are published in the *Federal Register* and incorporated into OFAC's SDN List with the prefix "UKRAINE" in the program tag associated with each listing. The names of those entities that are subject to Directives 1, 2, 3, or 4, pursuant to E.O. 13662, are published in the *Federal Register* and incorporated into OFAC's SSI List with the prefix "UKRAINE-EO 13662" in the program tag associated with each listing. The consolidated SDN and SSI Lists are available on OFAC's website at <http://www.treasury.gov/sdn>.

#### New investment ban and trade embargo

The following transactions involving the Crimea region of Ukraine are generally prohibited:

- New investment in the Crimea region of Ukraine by a U.S. person, wherever located;

- The importation into the United States, directly or indirectly, of any goods, services, or technology from the Crimea region of Ukraine;
- The exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a U.S. person, wherever located, of any goods, services, or technology to the Crimea region of Ukraine; and
- Any approval, financing, facilitation, or guarantee by a U.S. person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited if performed by a U.S. person or within the United States.

### III. AUTHORIZED TRANSACTIONS

#### GENERAL LICENSES

OFAC may authorize certain types or categories of activities and transactions that would otherwise be prohibited under the Ukraine/Russia-related sanctions program by issuing a general license. General licenses may be published in the Regulations or on OFAC's website. For example, certain transactions related to derivative products under Directives 1, 2, and 3 of Executive Order 13662 are authorized where the underlying asset would constitute new debt or equity subject to those directives.

Additionally, certain transactions which would otherwise be prohibited pursuant to E.O. 13685 are authorized by general license, including:

- The exportation or reexportation of certain agricultural commodities, medicine, medical supplies, and replacement parts from the United States or by a U.S. person, wherever located, to the Crimea region of Ukraine;
- Noncommercial, personal remittances by U.S. persons to or from the Crimea region of Ukraine, or for or on behalf of a person ordinarily resident in the Crimea region of Ukraine;
- The operation of certain accounts in a U.S. financial institution for an individual ordinarily resident in the Crimea region of Ukraine;
- Certain transactions with respect to the receipt and transmission of telecommunications and mail involving the Crimea region of Ukraine; and
- The exportation or reexportation of certain services and software from the United States or by a U.S. person, wherever located, to the Crimea region of Ukraine.

For a current list of all general licenses relating to the Ukraine sanctions program, please see 31 C.F.R. part 589 subpart E and visit <http://www.treasury.gov/resource-center/sanctions/Programs/pages/ukraine.aspx>.

#### SPECIFIC LICENSES

On a case-by-case basis OFAC considers applications for specific licenses to authorize transactions that are neither exempt nor covered by a general license. Requests for a specific license must be submitted to OFAC's Licensing Division. License requests may be submitted using any of the below methods:

- Online: <http://www.treasury.gov/resource-center/sanctions/Pages/licensing.aspx>
- Fax: (202) 622-1657

- U.S. mail: Assistant Director for Licensing, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW, Freedman Bank Building, Washington, DC 20220

## V. PENALTIES

Civil monetary penalties of up to the greater of \$250,000 or twice the amount of the underlying transaction may be imposed administratively against any person who violates, attempts to violate, conspires to violate, or causes a violation of E.O. 13660, E.O. 13661, E.O. 13662, E.O. 13685, or the Regulations. Upon conviction, criminal penalties of up to \$1,000,000, imprisonment for up to 20 years, or both, may be imposed on any person who willfully commits or attempts to commit, or willfully conspires to commit, or aids or abets in the commission of a violation of E.O. 13660, E.O. 13661, E.O. 13662, E.O. 13685, or the Regulations.

This document is explanatory only and does not have the force of law. Please see particularly Executive Orders 13660, 13661, 13662, and 13685, the Regulations, and other applicable laws and regulations for legally binding provisions governing the sanctions. This document does not supplement or modify the Executive orders, laws or regulations.

OFAC administers a number of U.S. economic sanctions programs. OFAC sanctions programs can range from being comprehensive in nature, such as a program that blocks the entire government of a country and includes broad geographically-based trade restrictions, to being fairly limited, such as a program that targets only specific individuals and entities. Some programs both target particular individuals and entities and prohibit types of transactions. It is therefore important to review the details of any given sanctions program to understand its scope. It is also important to note that although a program may be targeted, the prohibitions in such programs on dealings with individuals and entities whose property and interests in property are blocked are very broad, and they apply regardless of where the targeted person is located. The names of individuals and entities that are designated or identified as blocked by OFAC are incorporated into OFAC's list of Specially Designated Nationals and Blocked Persons (SDN List), which includes over 6,000 names of persons whose property and interests in property are blocked. Note, however, that the SDN List is not a comprehensive list of all such entities and individuals. The property and interests in property of an entity that is 50 percent or more owned, whether individually or in the aggregate, directly or indirectly, by one or more sanctioned persons are also sanctioned, regardless of whether the entity itself is listed on the SDN or SSI Lists.

*Please note that* OFAC maintains other sanctions lists that may have different prohibitions associated with them. See the "[Sanctions Programs and Country Information](#)" page for information on specific programs and other Treasury sanctions lists). Because OFAC's programs are constantly changing, it is very important to check OFAC's website on a regular basis. You may also wish to sign up for updates via OFAC's Email Notification System, to receive notifications regarding changes to OFAC's sanctions programs. For additional information about these programs or about sanctions involving Ukraine and Russia please contact:

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