

# OFAC ALERT



## Sanctions Risk for Foreign Financial Institutions that Join Russian Financial Messaging System, System for Transfer of Financial Messages

November 21, 2024

The Office of Foreign Assets Control (OFAC) is issuing this alert to warn foreign jurisdictions and financial institutions about the sanctions risks of joining the Russian financial messaging system *Sistema Peredachi Finansovyykh Soobscheniy* or “System for Transfer of Financial Messages” (SPFS).

The Central Bank of Russia (CBR) created SPFS in 2014, following Russia’s illegal invasion of the Crimea region of Ukraine, with the express purpose of diminishing the effect of sanctions imposed by the United States and its partners and allies. Russia has used and promoted SPFS, designed as an alternative to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) network, to maintain international financial connectivity, evade sanctions, and fund its war effort. Sanctioned Iranian banks have joined SPFS to retain financial connectivity given restrictions on using SWIFT, and Russia has also pushed its partners to join SPFS to enable sanctioned Russian banks to evade sanctions. The CBR has touted SPFS for its role as a safe channel for Russian banks disconnected from SWIFT to exchange payment information, its independence from external service providers, and its utility for settlements in national currencies.

SPFS is part of the [financial services sector](#) of the Russian Federation economy because of its role promoting communication between financial institutions within Russia’s financial system. **This means that any foreign financial institution that joins or has already joined SPFS may be designated for operating or having operated in this sector pursuant to [Executive Order \(E.O.\) 14024](#), “Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation,” as amended.**

**OFAC views joining SPFS after publication of this alert as a red flag and is prepared to more aggressively target foreign financial institutions that take such action.** In addition, foreign financial institutions should be cautious about their exposure to institutions that have joined SPFS, as such banks may be conduits for Russian sanctions evasion.

As a reminder, under E.O. 14024, as amended, OFAC may sanction foreign financial institutions that conduct or facilitate any significant transaction or transactions or provide any service involving Russia's military-industrial base. Russia's military-industrial base includes (i) all persons blocked under E.O. 14024, and (ii) any person operating in the technology, defense and related materiel, construction, aerospace, or manufacturing sectors of the Russian Federation economy. Russia's military-industrial base may also include persons that support the sale, supply, or transfer, directly or indirectly, to the Russian Federation of certain critical items. Please see [Updated Guidance for Foreign Financial Institutions on OFAC Sanctions Authorities Targeting Support to Russia's Military-Industrial Base](#), as well as FAQs [1151](#), [1152](#), and [1181](#), for further guidance on how to identify sanctions risks and implement corresponding controls. Please see FAQ [1182](#) for more information about agricultural, medical, and other transactions authorized by OFAC General Licenses.

Foreign financial institutions should be aware that the European Union imposed sanctions on SPFS in June 2024. For more information, see Council Regulation (EU) [2024/1745](#) of June 24, 2024 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine, and the associated [press release](#).



**OFAC Compliance Hotline**

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