

Insights

U.S. ISSUES NEW ROUND OF SANCTIONS IN RESPONSE TO RISING TENSIONS IN UKRAINE

Feb 22, 2022

SUMMARY

On February 21, 2022, President Biden issued an Executive Order (EO) to impose a first round of sanctions in response to Russian President Putin's actions with respect to the so-called Donetsk People's Republic (DNR) and Luhansk People's Republic (LNR) regions of Ukraine. At this point, the sanctions are limited to restrictions on activities in the so-called DNR and LNR regions of Ukraine – there have not yet been additional designations of individuals or entities as SDNs or under sectoral sanctions. Nonetheless, entities should take steps now in order to identify and address any activities involving the targeted regions of Ukraine.

The new sanctions largely mirror the sanctions imposed under EO 13685 related to the Crimea region of Ukraine and prohibit the following activities:

- New investment by U.S. persons in the so-called DNR or LNR regions of Ukraine;
- The import into the United States (either directly or indirectly) of goods, services, or technology from the so-called DNR or LNR regions of Ukraine;
- The export, reexport, sale, or supply (either directly or indirectly) from the United States or by a United States person of any goods, services, or technology to the so-called DNR or LNR regions of Ukraine; and
- The approval, financing, facilitation, or guarantee by a United States person of a transaction by a foreign person where the transaction by that foreign person would be prohibited if performed by a United States person or within the United States.

In conjunction with the EO, the U.S Treasury Department's Office of Foreign Assets Control (OFAC) has issued [General License 17](#), which authorizes for 30 days (through March 22, 2022) wind down activities related to investments and operations, contracts or agreements that were in effect prior to the issuance of the EO. Entities should review their current activities and contractual arrangements

to identify those that involve the so-called DNR and LNR regions of Ukraine, including customers, suppliers, or other parties located in those regions so that they can conclude those dealings in accordance with the terms of the wind down general license.

In addition to General License 17, OFAC has also issued several other general licenses to authorize transactions involving:

- Agricultural commodities, medicines, medical devices and the prevention, diagnosis or treatment of COVID-19;
- The receipt or transmission of telecommunications;
- The official business of certain international organizations;
- The transfer of non-commercial, personal remittances or the operation of accounts; and
- The export of certain services and software incident to internet-based communications.

Although no additional individuals have been designated to date, the EO authorizes the U.S. Secretary of the Treasury to designate as SDNs persons determined to have engaged in any of the following:

- To operate or have operated since February 21, 2022, in the so-called DNR and LNR regions of Ukraine;
- To be or have been since February 21, 2022, a leader, official, senior executive officer, or member of the board of directors of an entity operating in the so-called DNR and LNR regions of Ukraine;
- To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person designated pursuant to the February 21, 2022, EO; or
- To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person designated pursuant to the February 21, 2022, EO.

Companies should continue to prepare for the imposition of sanctions on additional persons in Russia and Ukraine, including by understanding their touchpoints to U.S. sanctions jurisdiction and with parties at risk of future designation based on their location, operations, or ownership.

RELATED CAPABILITIES

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