

Insights

ADDITIONAL SANCTIONS TARGET THE RUSSIAN DEFENSE INDUSTRY, THE RUSSIAN STATE DUMA, AND MORE FINANCIAL EXECUTIVES

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On March 24, 2022, the United States designated additional parties as sanctions targets in Russia in response to the conflict in Ukraine. Companies should continue to conduct restricted party screening of all parties involved in transactions with entities in Russia and Belarus to ensure sanctioned parties are not involved.

In particular, the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) added the following parties to the Specially Designated Nationals and Blocked Persons (SDN) List:

- 48 Russian defense companies, including Tactical Missiles Corporation (KTRV), JSC NPO High Precision Systems, Joint Stock Company Russian Helicopters, and NPK Tekhmash OAO;
- The Russian State Duma, including 328 of its members (in addition to the twelve members previously sanctioned on March 11, 2022, and four members previously designated as SDNs under other sanctions measures); and
- Key executives of Russia's financial industry, including Herman Oskarovich Gref, the CEO and Chairman of the Executive Board of Public Joint Stock Company Sberbank.

The full list of parties designated as SDNs on March 24 can be found [here](#).

Companies should review all touchpoints with these parties. OFAC's 50% Rule applies to the newly designated SDNs, such that the restrictions that apply to dealings with or involving listed SDNs also extend to parties that are owned 50% or more, directly or indirectly, by one or more SDNs. Hence, if Company A is not designated as an SDN but is 50% owned by SDN Z (or, for example, 25% by SDN Y and 25% by SDN Z), Company A is also treated as an SDN.

Any activities by U.S. persons with any SDNs must cease immediately, unless a general license authorizes the activities or specific authorization is received. Ongoing activities by non-U.S. persons with SDNs may trigger secondary sanctions risks, which could include the non-U.S. party itself being designated as an SDN.

If U.S. companies, including companies within the United States, identify transactions involving SDNs or property interests of SDNs, the property or interests in property must be blocked immediately and a blocking report must be filed with OFAC within 10 business days from the date of designation.

Companies should continue to screen all parties to a transaction to determine whether they have any dealings with the newly designated SDNs or any entity owned 50% or more by one or more SDNs. BCLP's international trade team can assist with any questions that companies have regarding the effect of these new designations on your business operations.

RELATED CAPABILITIES

- International Trade

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