

Russia Sanctions Update Implications for U.S. Businesses

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The United States imposed broad economic and trade sanctions on Russian individuals and entities, beginning on February 22, 2022, in response to the Russian invasion of Ukraine. In connection with restrictions imposed by the United Kingdom and European Union, the unprecedented sanctions have effectively disconnected much of Russia from the global economy.

U.S. persons and entities, wherever located, are required to comply with U.S. sanctions programs. While U.S. companies can lawfully engage in a broad range of business activities involving Russia that are not subject to sanctions, penalties for violation can be severe. U.S. businesses should familiarize themselves with potentially applicable sanctions and conduct due diligence to determine whether a particular type of business activity or customers, clients, suppliers, or partners may be subject to sanctions.

Notable provisions of the U.S. sanctions include:

- Addition of nearly 90 Russian financial institutions to the Specially Designated Nationals List (SDN List), effectively barring U.S. persons from transacting with such institutions;
- Disconnection of certain Russian banks from the Society for Worldwide Interbank Financial Telecommunications (SWIFT) messaging system;
- Prohibition on U.S. banks from participating in the market for certain sovereign Russian bonds;
- Prohibition on importation of Russian-origin oil products to the U.S.;
- Imposition of correspondent and payable-through account (CAPTA) sanctions on Russia's largest bank;
- Prohibition on U.S. persons making investments in certain regions of Ukraine; and
- Restrictions on exports of certain sensitive products to Belarus.

In connection with the imposition of restrictions, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued a number of general licenses, and the Department of Commerce has issued new policies and requirements related to trade controls. Together, the policies and restrictions are unprecedented in scope.

The U.S. sanctions are in addition to those imposed by the United Kingdom and European Union, and U.S. businesses operating abroad should familiarize themselves with all applicable requirements. In addition, as the situation in Russia and Ukraine continues to evolve, we expect that global authorities will continue to update their sanctions programs.

If you have questions about the sanctions or would like to discuss the implications for your business, please contact [Amanda Kowalski](#) or any attorney from our [Transportation, Logistics & Trade Industry Group](#).

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