

Summary of Recent OFAC Sanctions and BIS Export Controls on Russia, Belarus, and the Self-Declared Donetsk and Luhansk People's Republics in Ukraine

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SUMMARY OF RECENT OFAC SANCTIONS AND BIS EXPORT CONTROLS ON RUSSIA, BELARUS, AND THE SELF-DECLARED DONETSK AND LUHANSK PEOPLE'S REPUBLICS IN UKRAINE

In recent months, the United States has imposed a complex mix of economic sanctions and export controls on the Russia Federation, Belarus, and the Self-Declared Donetsk and Luhansk People's Republics (DNR and LNR).

This Advisory summarizes and organizes in a series of at-a-glance tables the tangled web of new controls implemented by the Department of Treasury, Office of Foreign Assets Control (OFAC) (economic sanctions) and the Department of Commerce, Bureau of Industry and Security (BIS) (export controls).

Jump to different sections of this document by clicking the boxes below.

OFAC: Embargo on DNR and LNR

OFAC: Asset Blocks on Hundreds of Parties (Specially Designated Nationals List)

OFAC: Directives Imposing Various Restrictions on Russian Financial Sector

OFAC: Prohibitions on Certain Imports, Exports of Luxury Goods, and New Investment in Certain Sectors of Russian Economy

BIS: Embargo on DNR and LNR

BIS: Many Additions to Entity List

BIS: New License Requirements for Russia and Belarus

- License Requirement for Items in CCL Categories 3 to 9
- License Requirement for "Luxury Goods"
- Export Restrictions on Equipment for Russian Oil and Gas Industry Sector
- Expanded Military End User Rule (all EAR-controlled items for Military End Users and Uses in Russia and Belarus)
- Extended Military Intelligence End User Rule to Belarus

BIS: EAR Jurisdiction Extended to Additional Foreign-Origin Items

- Changes to De Minimis Calculations
- Russia / Belarus Foreign Direct Product Rule
- Russia / Belarus Military End User Foreign Direct Product Rule

OFAC: Embargo on the Self-Declared Donetsk and Luhansk People’s Republics and Applicable General Licenses

On February 21, 2022, [Executive Order 14065](#) established a comprehensive embargo on the self-declared Donetsk and Luhansk People’s Republics (DNR and LNR) in Eastern Ukraine,¹ under OFAC’s existing [Ukraine-/Russia-related Sanctions program](#). The embargo applies to any transaction that has a U.S. nexus or touchpoint (e.g., U.S. dollar payment, U.S. persons, U.S.-origin goods, parties, or telecommunications servers in the U.S., etc.). OFAC has issued a number of General Licenses, summarized in the table below, which authorize limited transactions involving DNR and LNR without the need to apply for a specific license. As always, parties wishing to use a General License (GL) must carefully validate that the transaction satisfies all the conditions set forth in the GL and keep records relating to the transaction for at least five years.

Prohibitions	Related General Licenses (follow link for full description)
E.O. 14065: Blocking Property of Certain Persons and Prohibiting Certain Transactions With Respect to Continued Russian Efforts To Undermine the Sovereignty and Territorial Integrity of Ukraine (i) New investment in DNR, LNR or such other regions of Ukraine as State and Treasury may later determine (collectively, the “Covered Regions”), by a United States person, wherever located; (ii) Import into the United States, directly or indirectly, of any goods, services, or technology from the Covered Regions; (iii) Export, reexport, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, services, or technology to the Covered Regions; and (iv) Approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person that would be prohibited if performed by a United States person or within the United States.	GL17: Transactions ordinarily incident and necessary to wind down of transactions involving DNR and LNR, excluding transactions with blocked persons. Expired March 23. GL18: Transactions ordinarily incident and necessary to: export / reexport of agricultural commodities, medicine, medical devices, replacement parts and components for medical devices, software updates for medical devices, and prevention, diagnosis, or treatment of COVID-19. GL19: Transactions ordinarily incident and necessary to: the receipt or transmission of telecommunications; and transactions of common carriers involving the Covered Regions that are ordinarily incident and necessary to the receipt or transmission of mail and packages. Excludes transactions with blocked persons. GL20: Transactions for the conduct of the official business of the United Nations and certain other international institutions, development banks and charities, by their employees, grantees, or contractors. GL21: Transactions that are ordinarily incident and necessary to the transfer of noncommercial, personal remittances to or from the Covered Regions, or for or on behalf of an individual ordinarily resident in the Covered Regions, or to maintaining, operating, or closing an account of such an individual. Excludes transactions with blocked persons. GL22: Transactions that are ordinarily incident and necessary to the export/reexport to the Covered Regions, directly or indirectly, from the U.S. or by U.S. persons, wherever located, of services incident to the exchange of personal communications over the internet (e.g., instant messaging, chat and email, social networking), or of software necessary to enable such services that is classified as EAR99, ECCN 5D992.c, or, if not subject to the EAR, is not listed under any multilateral export control regime. Excludes exportation or reexportation, directly or indirectly, of services or software with knowledge or reason to know that the services or software are intended for a blocked person. GL23: Authorizes transactions by nongovernmental organizations ordinarily incident and necessary to support of the following activities in the Covered Regions: (i) humanitarian projects to meet basic human needs; (ii) democracy building; (iii) education; (iv) non-commercial development projects directly benefiting the population; (v) environmental and natural resource protection. Includes the processing and transfer of funds, payment of taxes, fees, and import duties, and purchase or receipt of permits, licenses, or public utility services in connection with covered activities. Excludes transactions with blocked persons.

¹ The embargo applies only to those areas that fall within the Donetsk and Luhansk People’s Republics; it [does not apply to the entire Donetsk and Luhansk Oblasts](#) (Ukrainian administrative divisions).

	GL24 : Transactions related to the provision or receipt of civil maritime services performed by individuals who are ordinarily resident in the Covered Regions, if performed <u>outside</u> the Covered Regions and not on behalf of any entity located in, or organized under the laws of, DNR/LNR. Excludes transactions with blocked persons and new investment in the Covered Regions.
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OFAC: Hundreds of New Additions to the Specially Designated Nationals and Blocked Persons List and Applicable General Licenses

As part of the [Russian Harmful Foreign Activities Sanctions](#) (RuHSR) program (and to a lesser extent the [Belarus Sanctions](#), [Global Magnitsky Sanctions](#), and [North Korea Sanctions](#) programs), OFAC has added over 600 entities, individuals, vessels, and aircraft in Russia, Belarus, and other countries to the [OFAC SDN list](#). OFAC has issued General Licenses authorizing transactions with certain of the designated entities that would otherwise be prohibited. The recent additions to the SDN list and related General Licenses are summarized in the following table.

Property and interests in property belonging to listed parties and parties that are owned 50 percent or more, directly or indirectly, by one or more sanctioned parties ([50 Percent Rule](#)) are blocked when in the U.S. or in the possession or control of U.S. persons, and all transactions by U.S. persons, or within or transiting the U.S., that involve such blocked property or interests in property are prohibited, unless otherwise authorized by OFAC. OFAC construes the prohibition on transactions within or transiting the U.S. very broadly, to include transactions by non-U.S. persons that have a U.S. touchpoint such as U.S. Dollars, U.S.-origin goods, servers in the U.S., etc. Prohibitions include provision or receipt of funds, goods, or services by, to, or for the benefit of any sanctioned party. Parties that find themselves in possession of blocked funds must place the funds into an interest-bearing account on their books from which only OFAC-authorized debits may be made. Parties in possession of any blocked property (including funds and real property, but also contracts, debts, evidences of ownership) must block the property and report the blocking to OFAC within 10 business days, among other requirements. OFAC FAQs related to blocking property are available [here](#).

Prohibition	Related General Licenses (follow link for full description)
Feb. 22, 2022 : Blocked Promsvyazbank and Vnesheconombank and 42 subsidiaries, certain Russian elites and families with ties to President Putin, and related parties	GL2 : Certain transactions involving Vnesheconombank and its 50% Rule entities that are ordinarily incident and necessary to the servicing of bonds issued before March 01, 2022 by the Russian Central Bank, National Wealth Fund, or Ministry of Finance. Excludes transactions with other blocked persons. GL3 : Certain transactions ordinarily incident and necessary to wind down of transactions involving Vnesheconombank and its 50% Rule entities. Expired March 24. GL8A : Certain transactions “related to energy” with listed entities (including Vnesheconombank and its 50% Rule entities), until June 24. Excludes transactions prohibited by Dir. 1A or Dir. 2; any debit to an account on the books of a U.S. financial institution of the Central Bank of the Russian Federation; and transactions with other blocked persons. GL9A : Transactions ordinarily incident and necessary to dealings in debt or equity of identified Russian financial entities (including Vnesheconombank and its 50% Rule entities) issued before Feb. 24, 2022 (“covered debt or equity”), until May 25, provided that any divestment or transfer of, or facilitation of divestment or transfer of, covered debt or equity must be to a non-U.S. person; transactions ordinarily incident and necessary to facilitating, clearing, and settling trades of covered debt or equity placed before 4PM EST on Feb. 24, 2022, and debits to accounts on the books of a U.S. financial institution of identified Russian financial entities ordinarily incident and necessary to effect such transactions. See GL paragraph (d) and (e) for limitations and exclusions. GL10A : Transactions ordinarily incident and necessary to wind down of derivative contracts entered into before 4PM EST on Feb. 24, 2022 that include identified Russian financial entities (including Vnesheconombank and its 50% Rule entities) as a counterparty, or are linked to debt or equity of an identified entity, until May 25, provided that any payments to a blocked person are made into a blocked account; and

	debits to accounts on the books of a U.S. financial institution of identified Russian financial entities to the extent ordinarily incident and necessary to effect such transactions. See GL paragraph (c) for limitations and exclusions.
Feb. 23, 2022 : Blocked the entity Nord Stream 2 AG and its CEO	GL4 : Transactions ordinarily incident and necessary to wind down of transactions involving Nord Stream 2 AG and its 50% Rule entities, excluding transactions involving other blocked parties. Expired March 2.
Feb. 24, 2022 : Blocked certain Russian elites; certain Russian financial institutions and related parties (including Novikombank, Otkritie, Sovcombank, VTB); and certain Belarusian state-owned banks, defense and security industry entities and defense officials	GL8A: Certain transactions “related to energy” with listed entities (including Otkritie, Sovcombank, VTB and their 50% Rule entities), until June 24. Excludes transactions prohibited by Dir. 1A or Dir. 2; any debit to an account on the books of a U.S. financial institution of the Central Bank of the Russian Federation; and transactions with other blocked persons. GL9A: Transactions ordinarily incident and necessary to dealings in debt or equity of identified Russian financial entities (including Otkritie, Sovcombank, VTB, and their 50% Rule entities) issued before Feb. 24, 2022 (“covered debt or equity”), until May 25, provided that any divestment or transfer of, or facilitation of divestment or transfer of, covered debt or equity must be to a non-U.S. person; transactions ordinarily incident and necessary to facilitating, clearing, and settling trades of covered debt or equity placed before 4PM EST on Feb. 24, 2022, and debits to accounts on the books of a U.S. financial institution of identified Russian financial entities ordinarily incident and necessary to effect such transactions. See GL paragraph (d) and (e) for limitations and exclusions. GL10A: Transactions ordinarily incident and necessary to wind down of derivative contracts entered into before 4PM EST on Feb. 24, 2022 that include identified Russian financial entities (including Otkritie, Sovcombank, VTB, and their 50% Rule entities) as a counterparty, or are linked to debt or equity of an identified entity, until May 25, provided that any payments to a blocked person are made into a blocked account; and debits to accounts on the books of a U.S. financial institution of identified Russian financial entities to the extent ordinarily incident and necessary to effect such transactions. See GL paragraph (c) for limitations and exclusions. GL11: Transactions ordinarily incident and necessary to wind down of transactions involving Otkritie, Sovcombank, VTB, and their 50% Rule entities. Expired March 26. GL12: Authorized rejection instead of blocking of prohibited transactions involving Otkritie, Sovcombank, VTB, and their 50% Rule entities. Expired March 26.
Mar. 03, 2022 : Blocked certain Russian elites (including Alisher Burhanovich Usmanov) and their family members, and related entities, vessels, and aircraft, as well as Russian intelligence-directed disinformation outlets	GL15 : Transactions otherwise prohibited by the RuHSR with any entity that is owned 50 percent or more, directly or indirectly, by Usmanov and that is not explicitly enumerated on the SDN List; unblocking all property and interests in property of such entities. Excludes transactions otherwise prohibited by the RuHSR or involving any blocked person.
Feb. 25, 2022: Blocked Vladimir Putin and Russian senior officials Valery Gerasimov, Sergei Lavrov, and Sergei Shoigu Feb. 28, 2022: Blocked the Russian Direct Investment Fund (RDIF), its management company, and one of the management company’s subsidiaries, as well as RDIF’s CEO Kirill Dmitriev Mar. 11, 2022: Blocked Russian elites, leaders, oligarchs, and family identified by the Department of State, as well as Russian parties supporting DPRK weapons of mass destruction and ballistic missile programs Mar. 15, 2022: Redesignated Alyaksandr Lukashenka (President of Belarus) and blocked his wife; blocked members of Russia’s defense enterprise; blocked Russian parties involved in human rights violations	

[Mar. 24, 2022](#): Blocked dozens of Russian defense and aerospace companies, 328 members of the Russian State Duma (lower house of the Federal Assembly of Russia), and Herman Oskarovich Gref, the head of Sberbank (Russia’s largest financial institution).

NOTE: There are no General Licenses specific to these recently added SDNs.

OFAC: Directives Imposing Various Restrictions on Russian Financial Sector and Applicable General Licenses

In addition to the blocking sanctions described above, OFAC has issued four Directives under [Executive Order 14024](#) that do not impose blocking sanctions but do restrict or prohibit certain transactions with key entities in the Russian financial system. Because these are not blocking sanctions, it is not necessary to block the property and interests in property of the affected entities. OFAC has issued several General Licenses relating to these Directives, which are summarized along with the Directives in the table below.

Prohibition	Related General Licenses (follow link for full description)
Directive 1A: Prohibitions Related to Certain Sovereign Debt of the Russian Federation Prohibits U.S. financial institutions from: (1) after June 14, 2021, lending funds (ruble or non-ruble) to, or (2) participating in the primary market for bonds (ruble or non-ruble) issued after June 14, 2021 by, or (3) participating in the secondary market for bonds (ruble or non-ruble) issued after March 1, 2022 by the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation.	N/A
Directive 2: Prohibitions Related to Correspondent or Payable-Through Accounts and Processing of Transactions Involving Certain Foreign Financial Institutions Prohibits U.S. financial institutions (broadly defined) from the following activities, effective March 26, 2022 (or 30 days after listing for entities added in the future): (i) opening or maintaining a correspondent or payable-through account² for or on behalf of listed foreign financial institutions (currently PJSC Sberbank and 25 Sberbank subsidiary banks, trusts, insurance companies, and other financial companies) <u>or</u> their property or interests in property (i.e., their 50% Rule entities); (ii) processing any transaction involving such parties or their property or interests in property.	GL8A: Certain transactions “related to energy” with listed entities (including Otkritie, Sovcombank, VTB and their 50% Rule entities), until June 24. Excludes transactions prohibited by Dir. 1A or Dir. 2; any debit to an account on the books of a U.S. financial institution of the Central Bank of the Russian Federation; and transactions with other blocked persons. GL9A: Transactions ordinarily incident and necessary to dealings in debt or equity of identified Russian financial entities (including Sberbank and its 50% Rule entities) issued before Feb. 24, 2022 (“covered debt or equity”), until May 25, provided that any divestment or transfer of, or facilitation of divestment or transfer of, covered debt or equity must be to a non-U.S. person; transactions ordinarily incident and necessary to facilitating, clearing, and settling trades of covered debt or equity placed before 4PM EST on Feb. 24, 2022, and debits to accounts on the books of a U.S. financial institution of identified Russian financial entities ordinarily incident and necessary to effect such transactions. See GL paragraph (d) and (e) for limitations and exclusions.

² “Correspondent account” means an account established by a U.S. financial institution for a foreign financial institution to receive deposits from, or to make payments on behalf of, the foreign financial institution, or to handle other financial transactions related to such foreign financial institution. “Payable-through account” means a correspondent account maintained by a U.S. financial institution for a foreign financial institution by means of which the foreign financial institution permits its customers to engage, either directly or through a subaccount, in banking activities in the U.S.

Prohibition	Related General Licenses (follow link for full description)
	GL10A : Transactions ordinarily incident and necessary to wind down of derivative contracts entered into before 4PM EST on Feb. 24, 2022 that include identified Russian financial entities (including Sberbank and its 50% Rule entities) as a counterparty, or are linked to debt or equity of an identified entity, until May 25, provided that any payments to a blocked person are made into a blocked account; and debits to accounts on the books of a U.S. financial institution of identified Russian financial entities to the extent ordinarily incident and necessary to effect such transactions. See GL paragraph (c) for limitations and exclusions.
Directive 3: Prohibitions Related to New Debt and Equity of Certain Russia-related Entities Prohibits transactions and dealings by U.S. persons <u>or</u> within the U.S. in new debt of longer than 14 days maturity and new equity, of listed entities or their property or interests in property, where such new debt or new equity is issued on or after March 26, 2022 (or 30 days after listing for entities added in the future). For parties selling goods and services, this means payment terms must be 14 days or less, and payment must be received within that window (so requiring payment in advance is the safest strategy). ³	N/A

³ Currently listed entities are: Sberbank (Russia’s largest financial institution); Gazprombank JSC (Russia’s third-largest financial institution); JSC Alfa-Bank (Russia’s largest privately owned financial institution, and fourth-largest financial institution overall); Credit Bank of Moscow PJSC (Russia’s largest non-state public bank and sixth-largest financial institution overall); JSC Russian Agricultural Bank; JSC Sovcomflot; OJSC Russian Railways (one of the world’s largest railroad companies); PJSC Alrosa; PJSC Gazprom (the world’s largest natural gas company); PJSC Gazprom Neft (one of Russia’s largest oil producers and refiners); PJSC Transneft; PJSC Rostelecom (Russia’s largest telecommunications company); and PJSC RusHydro (one of Russia’s largest power companies).

Prohibition	Related General Licenses (follow link for full description)
Directive 4: Prohibitions Related to Transactions Involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, and the Ministry of Finance of the Russian Federation Prohibits all transactions by U.S. persons involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation (collectively, “Dir. 4 entities”), including any transfer of assets to such entities or any foreign exchange transaction for or on behalf of such entities.	GL8A: Certain transactions “related to energy” with listed entities (including Central Bank of the Russian Federation, but <u>not</u> its 50% Rule entities), until June 24. Excludes transactions prohibited by Dir. 1A or Dir. 2; any debit to an account on the books of a U.S. financial institution of the Central Bank of the Russian Federation; and transactions with other blocked persons. GL9A: Transactions prohibited by Dir. 4 that are ordinarily incident and necessary to the receipt of interest, dividend, or maturity payments in connection with debt or equity of a Dir. 4 entity issued before March 1, 2022, are authorized until May 25, 2022. Excludes transactions prohibited by Dir. 2; any debit to an account on the books of a U.S. financial institution of a Dir. 4 entity; and transactions otherwise prohibited by the RuHSR. GL10A: Transactions prohibited by Dir. 4 that are ordinarily incident and necessary to the wind down of derivative contracts, repurchase agreements, or reverse repurchase agreements entered into prior to 12:01 AM EST on March 1, 2022, that include a Dir. 4 entity as a counterparty, until May 25, 2022. GL13: Payment by U.S. persons of taxes, fees, or import duties, and purchase or receipt of permits, licenses, registrations, or certifications, provided such transactions are ordinarily incident and necessary to such persons’ day-to-day operations in Russia, until June 24. GL14: Transactions involving a Dir. 4 entity, where: (i) the Dir. 4 entity’s sole function in the transaction is to act as an operator of a clearing and settlement system; (ii) there is no transfer of assets to or from any Dir. 4 entity, unless separately authorized; (iii) no Dir. 4 entity is either a counterparty or a beneficiary to the transaction, unless separately authorized; and (iv) there is no debit to any account of a Dir. 4 entity on the books of a U.S. financial institution.

OFAC: Additional General Licenses Under the Russian Harmful Foreign Activities Sanctions and Belarus Sanctions Programs

In addition to the General Licenses listed above, OFAC issued a number of additional General Licenses under the [Russian Harmful Foreign Activities Sanctions](#) and [Belarus Sanctions](#) programs that are not tied to a particular designation or Directive

General License	Summary of Authorized Activities
GL5	Transactions prohibited by RuHSR sanctions for the conduct of the official business of certain international institutions, development banks and charities, by their employees, grantees, or contractors. Note that, separate from this GL, under Section 9 of E.O. 14024 , which authorizes many of the RuHSR program sanctions identified above, the prohibitions of that Executive Order do not apply to the U.S. government or the United Nations, or their employees, grantees, or contractors; therefore transactions by these entities may not require a GL under the RuHSR.
GL6A	Transactions ordinarily incident and necessary to: (i) export or reexport of agricultural commodities, medicine, medical devices, replacement parts and components for medical devices, or software updates for medical devices to, from, or transiting Russia; (ii) prevention, diagnosis, or treatment of COVID-19; and (iii) ongoing clinical trials and other medical research activities that were in effect before March 24, 2022. However, this GL does <u>not</u> authorize: (i) activities prohibited by Dir. 2; (ii) any debit to an account on the books of a U.S. financial institution of a Dir. 4 entity; or (iii) any transaction prohibited by E.O. 14066 or E.O. 14068 (see below).

GL7	Transactions prohibited by RuHSR sanctions that that are ordinarily incident and necessary to: (i) the receipt of, and payment of charges for services rendered in connection with overflights of Russia or emergency landings in Russia by aircraft registered in the United States or owned or controlled by, or chartered to, U.S. persons; or (ii) air ambulance and related medical services, including medical evacuation, to individuals in Russia. This GL does not authorize activities prohibited by Dir. 2.
GL20	Transactions by U.S. persons that are ordinarily incident and necessary to the official business of third-country diplomatic or consular missions located in the Russian Federation that would otherwise be prohibited by E.O. 14024 or section 1(a)(iv) of E.O. 14068 (see below). GL paragraph (b) for limitations and exclusions.
Belarus GL6 , GL7	Transactions prohibited by the Belarus sanctions for the conduct of the official business of the U.S. government, the United Nations, and certain international institutions, development banks and charities, by their employees, grantees, or contractors.

OFAC: Prohibitions on Certain Imports, Exports of Luxury Goods, and New Investment in Certain Sectors of Russian Economy

On March 8 and March 11, 2022, President Biden issued [Executive Order 14066](#) and [Executive Order 14068](#), which prohibit investment in certain sectors of the Russian economy, imports of identified goods of Russian Federation origin, and the export of certain goods to Russia. The prohibitions set forth in these Executive Orders and activities authorized in the related General Licenses are set forth in the table below.

Prohibition	Related General Licenses (follow link for full description)
Executive Orders 14066 and 14068 prohibit new investments in the energy sector in Russia (or in such other sectors as the U.S. government may later identify) by U.S. persons, wherever located.	N/A
Executive Orders 14066 and 14068 prohibit import into the U.S. of the following products of Russian Federation origin: (a) crude oil, petroleum, petroleum fuels, oils, and products of their distillation, liquefied natural gas, coal, and coal products; and (b) seafood, and preparations thereof, alcoholic beverages, non-industrial diamonds, and any other product of Russian Federation origin that may be determined by the U.S. government.	GL16 : Transactions ordinarily incident and necessary to import into the United States, until April 22, of affected energy products (e.g., oil, gas, coal) of Russian Federation origin pursuant to written contracts or agreements executed before March 8. Excludes transactions otherwise prohibited by the RuHSR, including transactions with blocked persons. GL17A : Transactions ordinarily incident and necessary to the import into the U.S. : (1) until March 25, alcoholic beverages or non-industrial diamonds of Russian Federation origin pursuant to written contracts or written agreements entered into before March 11; (2) until June 23, fish, seafood, and preparations thereof of Russian Federation origin pursuant to written contracts or written agreements entered into before March 11. Excludes transactions otherwise prohibited by the RuHSR, including transactions with blocked persons.

Prohibition	Related General Licenses (follow link for full description)
Executive Order 14068 prohibits the export, reexport, sale, or supply, directly or indirectly, from the U.S., or by a U.S. person, wherever located, to the Government of Russia or any person located in Russia of (a) U.S. dollar-denominated banknotes; and (b) luxury goods and such other goods as the U.S. government may later identify. BIS rules prohibiting these transactions are set forth in EAR Section 746.10, which are described below.	GL18: Transactions ordinarily incident and necessary to the transfer of U.S. dollar-denominated banknote noncommercial, personal remittances: (i) from the U.S. or a U.S. person, wherever located, to an individual located in Russia; or (ii) from a U.S. person who is an individual located in Russia. “Personal remittances” does not include charitable donations to or for the benefit of an entity or funds transfers for use in supporting or operating a business, including a family-owned business. Excludes transactions otherwise prohibited by the RuHSR, including transactions with blocked persons. GL19: Authorizing U.S. persons located in Russia to use U.S. banknotes in transactions that are ordinarily incident and necessary to their personal maintenance within Russia, including payment of housing expenses, acquisition of goods or services for personal use, payment of taxes or fees, and purchase or receipt of permits, licenses, or public utility services. Excludes transactions otherwise prohibited by the RuHSR, including transactions with blocked persons. GL20: Transactions by U.S. persons ordinarily incident and necessary to the official business of third-country diplomatic or consular missions located in the Russian Federation that are prohibited by section 1(a)(iv) of E.O. 14068 (U.S. dollar-denominated banknote restrictions) or E.O. 14024 (see above). See GL paragraph (b) for limitations and exclusions.

BIS: Embargo on the Self-Declared Donetsk and Luhansk People’s Republics

BIS has imposed comprehensive restrictions on the export, reexport, and in-country transfer of EAR-controlled commodities, software, and technology to DNR and LNR. Such transactions with this region may therefore require authorization from both OFAC and BIS.

New EAR License Requirement	Applicable EAR License Exceptions and Licensing Policy (NOTE: separate OFAC authorization may also be needed)
Section 746.6(a)(2) prohibits the export, reexport, or in-country transfer to DNR and LNR of any item subject to the EAR other than food and medicine designated as EAR99, or “software necessary to enable the exchange of personal communications over the internet,” which includes only software, designated EAR99 or classified as mass market software under ECCN 5D992.c of the EAR, provided that such software is widely available to the public at no cost to the user.	License exceptions: Only the license exceptions set forth at Section 746.6(c) may be used to authorize exports, reexports, or in-country transfers to DNR and LNR: (1) TMP (Section 740.9(a)(9)) only for items for use by the news media; (2) GOV (Section 740.11(a) and (b)(2)) for personal or official use by personnel and agencies of the U.S. Government, the International Atomic Energy Agency, and the European Atomic Energy Community; (3) GFT for gift parcels and humanitarian donations (Section 740.12); (4) TSU (Section 740.13(a) and (b)) only for operation technology and software for lawfully exported commodities, and sales technology; (5) BAG (Section 740.14(a) through (d)) for exports of items by individuals leaving the United States as personal baggage; (6) AVS, but only for civil aircraft and vessels as set forth in Section 740.15(a)(4) and (d); Licensing policy: Under Section 746.6(b), BIS will review license applications submitted under this section with a policy of denial, except for applications for transactions authorized under an OFAC General License, which will be reviewed on a case-by-case basis.

BIS: Additions to the Entity List

BIS has added many parties in Russia, Belarus, and other countries to the [Entity List](#).

New EAR License Requirement	Applicable EAR License Exceptions and Licensing Policy (NOTE: separate OFAC authorization may also be needed)
Additions to the Entity List BIS added over 100 Russian end users to the Entity List, imposing a strict prohibition on the export, reexport, and transfer of all EAR-controlled items in any transaction in which the listed parties are a purchaser, end user, intermediate consignee, or ultimate consignee.¹ Recently added parties include major Russian aerospace and defense entities, such as Admiralty Shipyard JSC, Irkut Corporation, Russian Aircraft Corporation, Sukhoi Aviation, United Aircraft Corporation, and others. BIS added about 17 new end users to the Entity List located in Belarus (including the Belarus Ministry of Defense), Belize, Estonia, Kazakhstan, Latvia, Malta, Singapore, Slovakia, Spain, and United Kingdom that have been involved in, contributed to, or otherwise supported the Russian security services, military and defense sectors, and military and/or defense research and development efforts.	License exceptions: No license exceptions are available for exports, reexports or in-country transfers to listed entities of items specified in the Entity List. See Section 744.16(b). Licensing policy: See License Review Policy column on the Entity List for listed parties.

BIS: New License Requirements for Exports, Reexports, and In-Country Transfers to Russia and Belarus

BIS has published new rules that significantly expand the license requirements for exports, reexports, and in-country transfers of items subject to the EAR related to Russia and Belarus. Specifically, BIS has: (1) [imposed a license requirement](#) on exports, reexports, and in-country transfers for Russia or Belarus for all items on the CCL in Categories 3 to 9; (2) imposed a license requirement for exports, reexports, and in-country transfers of “[luxury goods](#)” to Russia and Belarus, or involving Russian and Belarusian oligarchs and malign actors wherever located; (3) increased the scope of the sanctions against the [Russian industry sector](#) to restrict the export, reexport and in-country transfer of critical oil refining equipment; and (d) expanded the scope of the [Military End User](#) and [Military Intelligence End User](#) rules. The changes to the regulations also cause significantly more foreign-produced items to be captured by the EAR when exported from countries outside the list in Part 746, Supplement 3, for example, from Israel or Singapore or India. Foreign companies exporting from such countries may need to reexamine previous analyses under the De Minimis Rule and the Foreign Direct Product Rule if exporting to, or for incorporation into or use in the development of items that will be exported to, Russia or Belarus. A few, very limited, License Exceptions (a type of license that is published in advance) are available to satisfy the requirement of a license in certain circumstances. No License Exceptions are available if the transaction involves a party on the Entity List or would be prohibited by the economic sanctions discussed above.

¹ Entity List restrictions imposed by BIS do not per se apply to separately incorporated subsidiaries, partially owned subsidiaries, or sister companies of a listed entity. However, [BIS has stated](#) that companies that export, reexport, or transfer items subject to the EAR with knowledge that the items are destined to a subsidiary, sister, parent, or other affiliate of a listed entity are “encouraged” to take extra due diligence steps to ensure that (i) the items are not ultimately destined for the listed entity and (ii) the affiliate is a separate legal entity (as opposed to a branch or operating division of the listed entity).

New EAR License Requirement	Applicable EAR License Exceptions and Licensing Policy (NOTE: separate OFAC authorization may also be needed)
License Requirement for Items Classified in any ECCN in CCL Categories 3 to 9 Section 746.8(a)(1) requires a license for exports, reexports, and in-country transfers to or within Russia or Belarus for all items (commodities, software, and technology) subject to the EAR described in Categories 3 to 9 of the CCL, EXCEPT commodities and software classified under ECCNs 5A992 or 5D992 for civil end-users that are wholly-owned subsidiaries or joint ventures of U.S. companies or companies headquartered in countries from Country Group A:5 or A:6. Note that it can be very difficult to accurately determine ownership in Russian and Belarusian companies due to sometimes contradictory information on company websites, in filings with the Russian Unified State Register of Legal Entities (EGRUL), on third-party websites, and from due diligence and denied party screening providers.	License exceptions: Under Section 746.8(c) only limited license exceptions are available: (1) TMP (Section 740.9(a)(9)) only for items for use by the news media; (2) GOV (Section 740.11(b)) for U.S. government exports, reexports, and in-country transfers; (3) TSU (Section 740.13(c)) only for software updates for such users; (4) BAG (Section 740.14) for personal baggage when traveling, excluding firearms and ammunition; (5) AVS (Section 740.15(a)) for aircraft on temporary sojourn, excluding any aircraft registered in, owned, or controlled by, or under charter or lease by Russia or a national of Russia; (6) ENC (Section 740.17), but only for civil end-users that are wholly-owned subsidiaries or joint ventures solely involving U.S. companies or companies headquartered in countries from Country Group A:5 or A:6; (7) CCD (Section 740.19) for <u>consumer</u> communications-related devices and software classified under ECCNs 4A994.b, 4D994, 5A991.b.2, 5A991.b.4, 5A992.c (e.g., certain computers, mobile phones, and mass market encryption software), but only to independent non-governmental organizations or individuals not specified in CCD as excluded (or otherwise subject to export or sanctions restrictions). Licensing policy: Under Section 746.8(b), BIS will review most license applications under this Section with a policy of denial (the most restrictive license review standard). BIS will consider the following applications on a case-by-case basis: (a) applications involving end-users that are wholly-owned subsidiaries or joint ventures solely involving U.S. companies or companies headquartered in countries from Country Group A:5 or A:6; (b) applications related to maritime safety; (c) applications for civil nuclear safety; (d) applications to meet humanitarian needs; (e) applications that support government space cooperation. When reviewing such applications, BIS will consider whether the transaction in question would benefit the Russian or Belarusian government or defense sector.

New EAR License Requirement	Applicable EAR License Exceptions and Licensing Policy (NOTE: separate OFAC authorization may also be needed)
“Luxury Goods” Prohibition for Russia, Belarus, and Russian and Belarusian Oligarchs and Malign Actors Wherever Located Section 746.10(a)(1) imposes a license requirement on the export, reexport, and in-country transfer of “luxury goods” to or within Russia or Belarus. Section 746.10(a)(2) imposes a license requirement on the export, reexport, and in-country transfer of “luxury goods” to any Russian or Belarusian oligarch or malign actors identified by OFAC,² regardless of location, or where a Russian or Belarusian oligarch or malign actor is the purchaser, intermediate consignee, ultimate consignee, or end user in the transaction.³ Items that qualify as “luxury goods” are identified by Schedule B number / HTS code in supplement no. 5 to Part 746. Includes transportation items (such as yachts and other aquatic recreational vehicles, automobiles, snowmobiles, and motorcycles) and related parts, alcoholic beverages (including wine, beer, and liquor), tobacco and tobacco products, luxury watches (having a case of precious metal or of metal clad with precious metal), musical instruments, decorative items (such as works of art, antiques, collectible items, rugs, tapestries, porcelain and china tableware, items of lead crystal), apparel and fashion items (such as leather or silk articles, handbags, cosmetics, perfume), jewelry (with pearls, gems, precious and semi-precious stones, jewelry of precious metal or of metal clad with precious metal). Also includes U.S.-denominated banknotes subject to Executive Order 14068.	License exceptions: Under Section 746.10(c), the license exceptions available under this rule are limited to BAG (basically for personal effects during travel) and a limited portion of AVS under Section 740.15(b)(3)(v), permitting third country airlines not registered in, owned, controlled, chartered or leased by Russia, Belarus, or a national thereof, to carry the “usual and reasonable kinds and quantities” of the above-referenced goods as saloon stores and supplies (e.g., beer, wine, and liquor). Licensing policy: Under Section 746.10(b), license applications under this Section will be reviewed with a policy of denial.

² For the purposes of this section, a Russian or Belarusian oligarch or malign actor is defined as any person who is added to the OFAC SDN list under the sanctions program tags [RUSSIA-EO14024], [UKRAINE-EO13660], [UKRAINE-EO13661], [UKRAINE-EO13662], [UKRAINE-EO13685], [BELARUS], or [BELARUS-EO14038].

³ These terms are defined in EAR [Section 748.5](#).

New EAR License Requirement	Applicable EAR License Exceptions and Licensing Policy (NOTE: separate OFAC authorization may also be needed)
Expanded Export Restrictions on Commodities for Oil and Gas Refining Section 746.5(a)(1)(ii) imposes a license requirement on exports, reexports, and in-country transfers to and within Russia of any item subject to the EAR and listed in supplement no. 4 to Part 746 (generally EAR99 items targeting the oil refinery sector in Russia). This rule is <u>not</u> limited to certain end uses or end users and does not include a “knowledge” limitation. This rule complements (does not replace) the existing rule at Section 746.5(a)(1)(i), which requires a license for the export, reexport or transfer (in-country) any item subject to the EAR listed in supplement no. 2 to this Part 746 and items specified in ECCNs 0A998, 1C992, 3A229, 3A231, 3A232, 6A991, 8A992, and 8D999 when one has “knowledge” (including reason to know) that the item will be used directly or indirectly in exploration for, or production of, oil or gas in Russian deepwater (greater than 500 feet) or Arctic offshore locations or shale formations in Russia, or is unable to determine whether the item will be used in such projects.	License exceptions: Under Section 746.5(c), no license exceptions are available except exports, reexports, and in-country transfers to personnel and agencies of the U.S. Government and certain exports by the Department of Defense set forth in GOV Section 740.11(b). Licensing policy: BIS changed the license review policy for entirety of Section 746.5 from “presumption of denial” to a more restrictive “policy of denial,” with case-by-case license review policy for items that may be necessary for health and safety reasons.
Expansion of the Scope of the Military End User Rule for Russia and Belarus Section 744.21(a) requires a license for the export, reexport, and in-country transfer of any item subject to the EAR, if you have reason to know that the item is intended, entirely or in part, for a “military end user,” or for a “military end use” in Belarus, Burma, Cambodia, China (including Hong Kong), the Russian Federation, or Venezuela, where “military end user” and “military end use” are defined in in Sections 744.21(f) and (g). Belarus was not previously subject to this rule. New Section 744.21(b)(1)(iii) now imposes a more stringent license requirement for Russia and Belarus, requiring a license for the export, reexport, or transfer (in-country) of <u>any item</u> subject to the EAR, except for food or medicine designated as EAR99, to Russia or to Belarus.	License exceptions: Only the GOV license exceptions at Section 740.11(b)(2)(i) and (ii) are available for exports, reexports, and in-country transfers to personnel and agencies of the U.S. Government that would otherwise require a license under this section. Licensing policy: Policy of denial.
Expansion of the Scope of the Military Intelligence End User Rule BIS added Belarus to the list of countries (Burma, Cambodia, China (inc. Hong Kong), Russia, and Venezuela) for which a license is required for export, reexport, or in-country transfer of any item subject to the EAR if the transferor has reason to know that the item is intended for a “military-intelligence end use” or “military-intelligence end user” as defined in EAR Section 744.22.	License exceptions: The only license exception available under this Section is the GOV exception at Section 740.11(b)(2)(ii) (for exports, reexports, and transfers (in-country) made by or consigned to a department or agency of the U.S. Government). Licensing policy: Presumption of denial (less restrictive than policy of denial).

BIS: EAR Jurisdiction Extended to Cover Additional Foreign-Origin Commodities, Software, and Technology

The new regulations significantly expand the situations in which foreign-produced items may be subject to the EAR and therefore subject to the new Russia / Belarus restrictions. Items being exported from countries listed in new [Supplement 3 to Part 746](#) are exempt from most of the new effects (see below for exceptions to this rule), because those countries have agreed to impose stringent Russia / Belarus-related export restrictions of their own. But

parties exporting foreign-produced items from countries not on the Supplement 3 list need to proceed with caution. Assessments previously made under the [De Minimis Rule](#) may need to be recalculated as a result of BIS’s imposition of a license requirement on all items destined for Russia / Belarus that are classified in Categories 3 to 9 of the CCL, and because Russia has been added to Country Group D:5 (Belarus was already in this Country Group), which causes certain content to be subject to a 0% threshold. More challengingly, BIS added two new [Foreign Direct Product Rules](#) that make foreign-produced items located outside the U.S. subject to the EAR when they are a “direct product” of specified “technology” or “software,” or are produced by a plant or “major component” of a plant (basically, any equipment or software used in the production process) that itself is a “direct product” of specified “technology” or “software” subject to the EAR. The new Foreign Direct Product Rules applicable to Belarus and Russia are extremely difficult to comply with in practice, since they require detailed analysis of each step of the production process, and knowledge about the technology and software used to produce the production equipment – information that typically is not readily available to parties using equipment and software manufactured by third parties. In many cases, foreign companies will find it simpler and safer to assume that their products are caught, and proceed accordingly. That chilling effect is not accidental.

Expanded Jurisdiction Over Foreign-Produced Items	Applicable License Exceptions and Licensing Policy (NOTE: separate OFAC authorization may also be needed)
Changes to De Minimis Calculations As noted above, Section 746.8(a)(1) requires a license for exports, reexports, and in-country transfers to or within Russia or Belarus for all items (commodities, software, and technology) subject to the EAR described in Categories 3 to 9 of the CCL, except commodities and software classified under ECCNs 5A992 or 5D992 for civil end-users that are wholly-owned subsidiaries or joint ventures of U.S. companies or companies headquartered in countries from Country Group A:5 or A:6. Section 746.8(a)(5) provides that the expanded license requirements in Section 746.8(a)(1) for Russia and Belarus should be used to determine controlled U.S.-origin content in a foreign-made item when performing <i>de minimis</i> calculations under supplement No. 2 to part 734, <u>unless</u>: (a) the foreign made item will be reexported or exported from abroad from a country described in supplement no. 3; and (b) the U.S.-origin content is described in an ECCN controlled for “Anti-Terrorism” reasons only, or is described in ECCN 9A991, and is not otherwise excluded from the applicable scope column in supplement no. 3 This means that, for exports from countries not in Supplement 3, companies must count all U.S.-origin content in their foreign-produced items that has an ECCN beginning with 3 or 9. For exports from Supplement 3 countries, companies must count all U.S.-origin content in their foreign-produced items that has an ECCN beginning with 3 or 9 except ECCN 9A991 items and items in ECCNs that are only controlled for AT reasons. BIS also added Russia to Country Group D:5 (Belarus was already in this Country Group). When destined for a D:5 country such as Russia or Belarus, there is no <i>de minimis</i> level for foreign-made items incorporating: U.S.-origin 9x515 or 600 series items enumerated or otherwise described in paragraphs .a through .x of a 9x515 or 600 series ECCN; or one or more of the commodities described in ECCN 0A919.a.1. This rule applies to exports from all countries to Russia/Belarus (Supplement 3 is irrelevant). As a result of these changes, companies selling foreign-origin goods containing U.S. content into Russia and Belarus may need to reconsider previous <i>de minimis</i> calculations made under EAR Section 734.4.	License exceptions: No restrictions on the use of license exceptions for items controlled under this Section identified. Licensing policy: No specific licensing policy for this Section.

Expanded Jurisdiction Over Foreign-Produced Items	Applicable License Exceptions and Licensing Policy (NOTE: separate OFAC authorization may also be needed)
Russia / Belarus Foreign Direct Product Rule (RU/BY FDPR) Under Section 734.9(f) foreign-produced items located outside the U.S. are subject to the EAR when all of the following are true: (a) there is “knowledge” that the foreign product is either destined to Russia or will be incorporated into or used in the production or development of any part, component, or equipment produced in or destined to Russia, except items that would be designated as EAR99;⁴ (b) the foreign product would <u>not</u> be classified as EAR99 if in the U.S.; and (c) the foreign product is either: (i) the direct product of U.S. origin software or technology in any ECCN in Categories 3, 4, 5, 6, 7, 8, or 9 of the CCL, or (ii) produced using equipment (including software) that itself is the direct product of U.S. origin software or technology in any ECCN in Categories 3, 4, 5, 6, 7, 8, or 9 of the CCL. License requirement: Under Section 746.8(a)(2), a license is required for the export, reexport, or in-country transfer to any destination of any foreign-produced item that is subject to the EAR based on the RU/BY FDPR, <u>except</u> where the export, reexport, or in-country transfer originates in a country listed in supplement No. 3 to Part 746 (unless a limit to the exclusion is described in the Scope column of supplement no. 3).	License exceptions: Under Section 746.8(c) only the following license exceptions are available for foreign-origin items within the scope of this rule: (1) TMP (Section 740.9(a)(9)) only for items for use by the news media; (2) GOV (Section 740.11(b)) for U.S. government exports, reexports, and in-country transfers; (3) TSU (Section 740.13(c)) only for software updates for such users; (4) BAG (Section 740.14) for personal baggage when traveling, excluding firearms and ammunition; (5) AVS (Section 740.15(a)) for aircraft on temporary sojourn, excluding any aircraft registered in, owned, or controlled by, or under charter or lease by Russia or a national of Russia; (6) ENC (Section 740.17), but only for civil end-users that are wholly-owned subsidiaries or joint ventures solely involving U.S. companies or companies headquartered in countries from Country Group A:5 or A:6; (7) CCD (Section 740.19) for <u>consumer</u> communications-related devices and software classified under ECCNs 4A994.b, 4D994, 5A991.b.2, 5A991.b.4, 5A992.c (e.g., certain computers, mobile phones, and mass market encryption software), but only to independent non-governmental organizations or individuals not specified in CCD as excluded (or otherwise subject to export or sanctions restrictions). Licensing policy: Under Section 746.8(b), BIS will review most license applications under this Section with a policy of denial (the most restrictive license review standard). BIS will consider the following applications on a case-by-case basis: (a) applications involving end-users that are wholly-owned subsidiaries or joint ventures solely involving U.S. companies or companies headquartered in countries from Country Group A:5 or A:6; (b) applications related to maritime safety; (c) applications for civil nuclear safety; (d) applications to meet humanitarian needs; (e) applications that support government space cooperation. When reviewing such applications, BIS will review consider whether the transaction in question would benefit the Russian or Belarusian government or defense sector.

⁴ “Knowledge” is defined in EAR [Section 772.1](#) as knowledge of a circumstance (the term may be a variant, such as “know,” “reason to know,” or “reason to believe”), and includes not only positive knowledge that the circumstance exists or is substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence. Such awareness is inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person's willful avoidance of facts.

Expanded Jurisdiction Over Foreign-Produced Items	Applicable License Exceptions and Licensing Policy (NOTE: separate OFAC authorization may also be needed)
Russia / Belarus Military End User Foreign Direct Product Rule (RU/BY MEU FDPR) EAR Section 734.9(g) makes foreign-produced items located outside the U.S. subject to the EAR when all of the following are true: (a) there is reason to know that the foreign products will be incorporated into, or used in the production or development of, any part, component, or equipment (including software) produced, purchased, or ordered by a party that is on the Entity List, and subject to Footnote 3 of that list (all of which are parties that BIS has determined to be military end users), or such an entity will be the purchaser, end user, intermediate consignee, or ultimate consignee for the foreign-produced item; (b) the foreign product is either: (i) the direct product of technology or software subject to the EAR (not necessarily U.S.-origin) that is not designated as EAR99, or (ii) is produced using equipment (including software) that itself is the direct product of any software or technology that is U.S.-origin and not designated as EAR99. License requirement: Under Section 746.8(a)(3), a license is required for the export, reexport, or in-country transfer to any destination of any foreign-produced item that satisfies the conditions above, other than food or medicine designated as EAR99, except where the export, reexport, or in-country transfer originates in a country listed in supplement No. 3 to Part 746, unless a limit to the exclusion is described in the Scope column of supplement no. 3.	License exceptions: None. Licensing policy: Policy of denial