

U.S., EU, & Allies Impose Sanctions on Russia's Central Bank, Targeting Russia's Foreign Currency Reserves

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The United States, European Union, and other G7 members imposed coordinated sanctions on Russia's Central Bank today in a move that is designed to have a significant and sustained impact on the Russian economy by limiting Russia's ability to sell foreign currency reserves and support the ruble. The bloc had [announced](#) an agreement to impose sanctions on Russia's Central Bank over the weekend.

In the United States, the Office of Foreign Assets Control (OFAC) issued a new [Directive 4](#) pursuant to E.O. 14024, prohibiting U.S. persons from engaging in any transaction involving Russia's Central Bank, National Wealth Fund, or Ministry of Finance, including any transfer of assets to the entities, or any foreign exchange transaction, for or on behalf of the entities without OFAC authorization. OFAC [expanded](#) an existing general license to authorize certain transactions "related to energy" through 12:01 a.m. EST on June 24, 2022 that involve the Central Bank. With the exception of authorized energy transactions, the action effectively immobilizes Russian government foreign currency reserves that are subject to U.S. jurisdiction. OFAC is likely to issue additional guidance on the intended scope of the new sanctions in the coming days.

The EU similarly [amended](#) its Russia sanctions regulations (Regulation (EU) 833/2014) today to impose corresponding prohibitions on "transactions related to the management of reserves as well as of assets of the Central Bank of Russia, including transactions with any legal person, entity or body acting on behalf of, or at the direction of, the Central Bank of Russia." Other G7 members, including the [United Kingdom](#), have imposed or are in the process of imposing corresponding measures.

The announcement of these measures has already had a significant impact on the value of the ruble, and will form a core part of Western pressure on Russia in response to the ongoing conflict in Ukraine.