

White House Broadens Restrictions on Russia by Authorizing Sanctions on Foreign Financial Institutions and Expanding the Import Ban

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On December 22, 2023, President Biden signed [Executive Order 14114](#), titled “Taking Additional Steps With Respect to the Russian Federation's Harmful Activities” (EO 14114), with a focus on holding foreign financial institutions (FFI) accountable in Russia’s war against Ukraine. According to a [statement](#) issued by Treasury Secretary Janet Yellen, the Office of Foreign Assets Control (OFAC) will take “decisive, and surgical, action” to address FFI’s who are supporting Russia’s war effort. EO 14114 also expands the current U.S. import ban on certain Russian-origin products and covers more indirect import activity.

EO 14114 authorizes OFAC to impose U.S. sanctions on FFI’s that are either (1) facilitating significant transactions on behalf of persons designated for operating in certain key sectors of the Russian economy that support the country’s military-industrial base; or (2) facilitating significant transactions or providing services involving Russia’s military-industrial base, including those relating to specific manufacturing inputs and technological materials that Russia is seeking to obtain from foreign sources. If OFAC determines that an FFI is engaging in these restricted activities, then OFAC may prohibit the FFI from maintaining correspondent accounts or payable-through accounts in the United States. OFAC could also subject the FFI to full blocking sanctions through addition to the List of Specially Designated Nationals and Blocked Persons.

Separately, OFAC issued a [Determination](#) pursuant to EO 14024 listing certain items contributing to Russia’s military-industrial base that may trigger U.S. sanctions on FFIs who facilitate significant transactions involving such items. 29 items were identified across eight categories, which include:

1. Certain machine tools and manufacturing equipment;
2. Certain manufacturing materials for semiconductors and related electronics;
3. Certain electronic test equipment;
4. Certain propellants, chemical precursors for propellants, and explosives;
5. Certain lubricants and lubricant additives;
6. Certain bearings;

7. Certain advanced optical systems; and
8. Certain navigation instruments.

OFAC issued [FAQs 1148 - 1153](#) addressing the FFI sanctions developments.

Additionally, EO 14114 amends [EO 14068](#) of March 11, 2022 (“Prohibiting Certain Imports, Exports, and New Investment With Respect to Continued Russian Federation Aggression”) by expanding the U.S. import ban on Russian-origin fish, seafood (and preparations thereof), alcoholic beverages, and non-industrial diamonds. Of note, the EO covers products, as determined by OFAC, that include any of the above Russian-origin products that were (1) mined, extracted, produced, or manufactured wholly or in part in the Russian Federation, or harvested in waters under the jurisdiction of Russia or by Russia-flagged vessels, even if such products have been incorporated or substantially transformed into other products outside of the Russian Federation; (2) products containing any of the products subject to the prohibitions; and (3) products subject to the prohibition that transited through or were exported from or by Russia. As a result, products coming from third countries must be scrutinized to see if they contain Russian-origin seafood, alcohol or diamonds, in order to determine if the import ban may apply. Separately, OFAC issued a [Determination](#) pursuant to EO 14068 specifying the type of seafood subject to the expanded import prohibition: salmon, cod, pollock, and crab.

OFAC issued [FAQs 1154 - 1157](#) addressing the expanded import ban.

Finally, OFAC published a [Sanctions Advisory](#) to provide guidance to importers and financial institutions on how to identify and mitigate sanctions risks. The advisory contains examples of activities that could expose an FFI to sanctions risk, such as facilitating the sale, supply, or transfer of certain items to Russian importers or companies shipping the items to Russia. The advisory also outlines best practices that FFI’s can incorporate into their compliance programs to mitigate exposure to sanctions, and contains helpful links to previous guidance issued by OFAC on Russia sanctions. Companies that bank with FFIs who have high Russia exposure should be prepared for the possibility that the FFI itself is sanctioned.

Please [contact](#) our sanctions and export controls team if you require any assistance navigating these developments.