



DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Issuance of Russia-Related Directive Pursuant to Executive Order 13883 of August 1, 2019

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Issuance of directive.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued a Russia-Related Directive under Executive Order 13883 of August 1, 2019.

DATES: OFAC's action described in this notice was effective on August 26, 2019.

FOR FURTHER INFORMATION CONTACT: OFAC: Associate Director for Global Targeting, 202-622-2420; Assistant Director for Licensing, 202-622-2480; Assistant Director for Regulatory Affairs, 202-622-4855; or Assistant Director for Sanctions Compliance & Evaluation, 202-622-2490.

SUPPLEMENTARY INFORMATION:

On August 6, 2018, the Secretary of State, acting pursuant to delegated authority under section 306(a) of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991, as amended, 22 U.S.C. 5601 et seq. (CBW Act), determined that the Government of the Russian Federation (Russia) had used chemical weapons in violation of international law or had used lethal chemical weapons against its own nationals. On August 27, 2018, pursuant to his August 6, 2018 determination, the Secretary of State imposed an initial round of sanctions on Russia (83 FR 43723, August 27, 2018). Section 307(b)(1) of the CBW Act requires the imposition of additional sanctions on Russia unless, within three months after making such a determination, the Secretary of State finds Russia has met certain conditions. On November 6, 2018, the Secretary of State found that Russia had not met the required conditions. On August 2,

2019, the Secretary of State selected three additional sanctions to impose on Russia (84 FR 44671, August 26, 2019).

On August 1, 2019, the President, invoking the authority of, *inter alia*, the International Emergency Economic Powers Act (50 U.S.C. 1701-1706) (IEEPA) and the CBW Act, issued Executive Order (E.O.) 13883 (“Administration of Proliferation Sanctions and Amendment of Executive Order 12851”) (84 FR 38113, August 5, 2019). The President issued E.O. 13883 in order to take additional steps with respect to the national emergency described and declared in Executive Order 12938 of November 14, 1994, as amended by and relied on for additional steps in subsequent Executive Orders.

In E.O. 13883, the President directed the Secretary of the Treasury, in consultation with the Secretary of State, to take the following actions when necessary to implement certain sanctions set forth in E.O. 13883 and section 307(b)(2) of the CBW Act selected for imposition on a country by the President or the Secretary of State pursuant to section 307(b)(1) of the CBW Act: (i) oppose, in accordance with section 701 of the International Financial Institutions Act (22 U.S.C. 262d), the extension of any loan or financial or technical assistance to that country by international financial institutions; and (ii) prohibit any United States bank from making any loan or providing any credit to the government of that country, except for loans or credits for the purpose of purchasing food or other agricultural commodities or products.

Accordingly, on August 2, 2019, pursuant to the Secretary of State’s August 2, 2019 decision to impose additional sanctions on Russia, E.O. 13883, and the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 CFR § 544.802, the Director of OFAC issued the Russia-Related Directive Under Executive Order 13883 of August 1, 2019 (CBW Act Directive). OFAC made the CBW Act Directive available on its website on August 3, 2019.

OFAC is publishing the CBW Act Directive in the Federal Register, updated to include the number of the Executive Order of August 1, 2019.

**RUSSIA-RELATED DIRECTIVE UNDER
EXECUTIVE ORDER OF AUGUST 1, 2019
("CBW Act Directive")**

Pursuant to sections 1(a)(ii), 1(b), and 5 of Executive Order 13883 of August 1, 2019 "Administration of Proliferation Sanctions and Amendment of Executive Order 12851" (the "Order") and 31 CFR § 544.802, and following the Secretary of State's selection of the sanction related to bank loans pursuant to delegated authority under section 307(b) of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991, as amended (22 U.S.C. § 5605(b)), the Director of the Office of Foreign Assets Control has determined, in consultation with the Department of State, that the following activities by a U.S. bank, as defined below, including foreign branches, are prohibited, except to the extent provided by law or unless licensed or otherwise authorized by the Office of Foreign Assets Control: (1) participation in the primary market for non-ruble denominated bonds issued by the Russian sovereign, as defined below, after August 26, 2019; and (2) lending non-ruble denominated funds to the Russian sovereign, as defined below, after August 26, 2019.

For purposes of this Directive, the term "U.S. bank" means, consistent with the Order and 31 C.F.R. § 544.311, any entity organized under the laws of the United States or any jurisdiction within the United States (including its foreign branches), or any entity in the United States, that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures, or options, or procuring purchasers and sellers thereof, as principal or agent. The term

“U.S. bank” includes but is not limited to depository institutions, banks, savings banks, trust companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, and U.S. holding companies, U.S. affiliates, or U.S. subsidiaries of any of the foregoing. This term includes those branches, offices and agencies of foreign financial institutions that are located in the United States and otherwise meet the definition of “U.S. bank” used in this Directive, but not such institutions’ foreign branches, offices, or agencies.

Furthermore, for purposes of this Directive, the term “Russian sovereign” means any ministry, agency, or sovereign fund of the Russian Federation, including the Central Bank of Russia, the National Wealth Fund, and the Ministry of Finance of the Russian Federation. This term does not include state-owned enterprises of the Russian Federation.

Except to the extent otherwise provided by law or unless licensed or otherwise authorized by the Office of Foreign Assets Control, the following are also prohibited: (1) any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions contained in this Directive; and (2) any conspiracy formed to violate any of the prohibitions in this Directive.

August 2, 2019

Dated: September 10, 2019.

Andrea Gacki,

Director, Office of Foreign Assets Control.

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