WASHINGTON – Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) issued new public guidance to cut off avenues for potential sanctions evasion by the Central Bank of the Russian Federation. This guidance makes clear that there should be no loopholes for Russia to evade the unprecedented prohibitions by the United States to lock up Russia’s war chest – Central Bank of the Russian Federation, National Wealth Fund of the Russian Federation, and Ministry of Finance of the Russian Federation – that were imposed this week.

In the past two days, Russia has taken steps to use exporters to act as their agents and help them raise resources to prop up their currency and fund their priorities. Today’s guidance makes clear that such actions on behalf of Russia’s Central Bank are prohibited, closing off attempts to access the U.S. financial system. OFAC issued frequently asked questions (FAQs) for enhanced compliance with U.S. sanctions and further explains recent sanctions actions, including the prohibitions imposed pursuant to Directive 4 under Executive Order (E.O.) 14024, “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” (Russia-related Sovereign Transactions Directive).

While recent actions have closed off many of the funds of the Central Bank of the Russian Federation, among others, Treasury remains committed to permitting energy-related payments — ranging from production to consumption for a wide array of energy sources — involving specified sanctioned Russian banks. To help protect Americans, partners, and allies from higher energy prices that would drive more resources to Russia, Treasury swiftly issued and updated Russia-related guidance to allow U.S. financial institutions to continue processing these transactions and underscore that such activity is not prohibited by sanctions. While current circumstances and the dangers from Russia’s war in Ukraine may lead entities and individuals to make their own risk assessments and business decisions, Treasury is making clear that sanctions will not block energy payments.
Today, Treasury is reiterating through FAQs that energy payments can and should continue. General License 8A permits what are commonly known as “U-turn transactions,” where payments related to energy are processed through non-sanctioned, third-country financial institutions, enabling the continuation of transactions that support the flow of energy to the market. For example, a company purchasing oil from a Russian company would be able to route the payment through a non-sanctioned third-country financial institution as an intermediary for credit to a sanctioned financial institution’s customer in settlement of the transaction.

OFAC will continue to work with the private sector to help address individual issues. The United States continues to work in close cooperation with our allies around the world to keep the global energy market well supplied, even as President Putin continues his destabilizing activities.

In addition, OFAC issued FAQs related to Executive Order 14065 of February 21, 2022, “Blocking Property of Certain Persons and Prohibiting Certain Transactions With Respect to Continued Russian Efforts to Undermine the Sovereignty and Territorial Integrity of Ukraine,” and related general licenses to further clarify the prohibitions within.

For further information on the general licenses and FAQs issued today, please click here.

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