

Trade Alert: Executive Order 14114 - U.S. Imposes Additional Sanctions on Foreign Financial Institutions Facilitating Russian Harmful Activities and Expands U.S. Import Ban on Russian Seafood

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The United States continues to expand sanctions and export controls on Russia in response to Russia's ongoing war in Ukraine and other harmful activities (the "U.S.'s Russian Sanctions and Export Control Regime"). The U.S.'s Russian Sanctions and Export Control Regime is administered primarily by the U.S. Department of Commerce, Bureau of Industry and Security ("BIS") and by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"). It covers both primary sanctions - imposed on U.S. persons wherever located, and goods and activities originating and/or taking place inside the territory of the United States; as well as so-called "secondary" sanctions - imposed on non-U.S. persons and goods and activities subject to the scope of the sanctions program. The U.S.'s Russian Sanctions and Export Control Regime remains expansive in scope, as restrictions continue to be tightened. [Executive Order 14114](#), ("E.O. 14114") issued by President Biden on December 26, 2023, is the most recent example of U.S. sanctions targeting Russian harmful activities by seeking to impede Russia's ability to procure goods and revenue that support its war against Ukraine, and contains two sets of prohibitions: (1) those applicable to non-U.S. banks that conduct certain business with Russia; and (2) specified imports from Russia.

1. Prohibitions and Blocking Measures Directed at Foreign Financial Institutions:¹ In accordance with E.O. 14114, the Secretary of the Treasury now prohibits the opening or maintaining of correspondent accounts in the United States for foreign financial institutions "that are engaged in the business of accepting deposits; making, granting, transferring, holding, or brokering loans or credits; purchasing or selling foreign exchange, securities, futures or options; or procuring purchasers and sellers thereof, as principal or agent" if they are engaged in:

¹ For the purposes of the E.O. 14114 "the term 'foreign financial institution' means any foreign entity that is engaged in the business of accepting deposits; making, granting, transferring, holding, or brokering loans or credits; purchasing or selling foreign exchange, securities, futures or options; or procuring purchasers and sellers thereof, as principal or agent. It includes depository institutions; banks; savings banks; money services businesses; operators of credit card systems; trust companies; insurance companies; securities brokers and dealers; futures and options brokers and dealers; forward contract and foreign exchange merchants; securities and commodities exchanges; clearing corporations; investment companies; employee benefit plans; dealers in precious metals, stones, or jewels; and holding companies, affiliates, or subsidiaries of any of the foregoing. The term does not include the international financial institutions identified in 22 U.S.C. 262r(c)(2), i.e. certain listed international economic assistance banks.

- (i) facilitating significant transactions² involving any Specially Designated Nationals (“SDNs”) operating in sectors such as technology, defense and related materiel, construction, aerospace, or manufacturing sectors of the Russian Federation economy (“the Specific Sectors”), and/or
- (ii) facilitating any significant transaction or transactions, or providing any service, involving Russia’s military-industrial base.

Additionally, foreign financial institutions’ property, and interests in property, within the United States of are blocked.

Take-Away: Foreign financial institutions have been subject to certain extra-territorial prohibitions for years under CAATSA ([Countering America’s Adversaries Through Sanctions Act](#)) and the Countering Russian Influence in Europe and Eurasia Act of 2017, for example, for knowingly engaging in “significant transactions” of investing in Russian crude oil projects. E.O. 14114 expands the prohibitions to include the Specific Sectors (listed above) and serves as a reminder, that the U.S. administration is signaling to foreign financial institutions that its Russian transactions may well be covered by the U.S.’s Russian Sanctions and Export Control Regime.

2. Import Restrictions: Since the beginning of Russia’s war against Ukraine, the U.S. Government has been prohibiting the importation and entry into the United States of specific products of Russian Federation origin, including alcoholic beverages, gold, diamonds, and other sanctioned items. Now, OFAC has expanded and clarified prior importation prohibitions as follows:

- (i) **Russian-origin Seafood:** Importation or entry into the United States is prohibited for fish, shellfish, and preparations thereof of Russian origin, including those harvested by Russian-flagged vessels, regardless of whether such products have been incorporated or substantially transformed into other products outside of Russia.
- (ii) **Gold:** OFAC clarified that importation of gold of Russian origin that was located outside of Russia prior to June 28, 2022, is not prohibited.
- (iii) **Diamonds:** OFAC clarified that the term “diamond” now includes specific classifications under the Harmonized Tariff Schedule (“HTS”) and indicated that it intends to issue a determination regarding importation of Russian diamonds processed in third countries.

Exceptions and licenses: OFAC continues to maintain exceptions and licenses providing for broad authorizations for transactions that would otherwise be prohibited by E.O. 14114 related to the production, manufacturing, sale, transport, or provision of agricultural commodities, agricultural equipment, medicine, medical devices, replacement parts and components for medical devices, and software updates for medical devices. Additionally, OFAC issued wind-down general licenses (GL 83, GL 84 and GL 85) for certain activities subject to the new prohibitions, and [FAQs 1147-1157](#) available on the OFAC website clarifying the new rules.

Immediate Compliance Actions for Non-U.S. Financial Institutions:

- Take immediate steps to identify and halt transactions that may support the Russian military-industrial base and any of the Specific Sectors (defined above).
- Review, assess and update internal processes to ensure compliance with the new restrictions.
- Monitor the Office of Foreign Assets Control (OFAC) website for additional guidance or changes and for additional SDN designations.
- Seek legal counsel to assess the impact on your specific business operations and transactions.

² The term “significant transactions” is broadly defined to include even a single transaction, depending on the circumstances. OFAC may consider the totality of the facts and circumstances when determining whether a transaction is (or multiple transactions are) “significant.” Relevant factors include size, number, and frequency of the transactions; the nature of the transactions; management’s level of awareness and culpability; and any other relevant factors that OFAC deems relevant.

This alert is a brief summary, and we recommend a comprehensive review of the executive order to fully understand its implications. For detailed advice tailored to your situation, please consult with legal professionals well-versed in international trade and economic sanctions. If you have questions about Executive Order 14114 or need further information or assistance, we invite you to contact a member of the DCG Trade Group for assistance.

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