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U.S. Treasury Announces Unprecedented & Expansive Sanctions Against Russia, Imposing Swift and Severe Economic Costs

*United States Acts in Tandem with Partners and Allies to Maximize Consequences for
Russia, and in Show of Unity Against Invasion of a Sovereign State*

*Top Ten Russian Financial Institutions Now Under U.S Restrictions; U.S. Ready to
Impose Additional Major Costs*

WASHINGTON – The United States took significant and unprecedented action to respond to Russia’s further invasion of Ukraine by imposing severe economic costs that will have both immediate and long-term effects on the Russian economy and financial system. The U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) today imposed expansive economic measures, in partnership with allies and partners, that target the core infrastructure of the Russian financial system — including all of Russia’s largest financial institutions and the ability of state-owned and private entities to raise capital — and further bars Russia from the global financial system. The actions also target nearly 80 percent of all banking assets in Russia and will have a deep and long-lasting effect on the Russian economy and financial system.

Building off of President Biden’s initial sanctions announcement this week, today Treasury is taking action against Russia’s top financial institutions, including sanctioning by far Russia’s two largest banks and almost 90 financial institution subsidiaries around the world. Treasury is also sanctioning additional Russian elites and their family members and imposing additional new prohibitions related to new debt and equity of major Russian state-owned enterprises and large privately owned financial institutions. This will fundamentally imperil Russia’s ability to raise capital key to its acts of aggression. These actions are specifically designed to impose immediate costs and disrupt and degrade future economic activity, isolate Russia from international finance and commerce, and degrade the Kremlin’s future ability to project power.

“Treasury is taking serious and unprecedented action to deliver swift and severe consequences to the Kremlin and significantly impair their ability to use the Russian economy and financial system to further their malign activity,” said Secretary of the Treasury Janet L. Yellen. “Our actions, taken in coordination with partners and allies, will degrade Russia’s ability to project power and threaten the peace and stability of Europe. We are united in our efforts to hold Russia accountable for its further invasion of Ukraine while mitigating impacts to Americans and our partners. If necessary, we are prepared to impose further costs on Russia in response to its egregious actions.”

Russia’s large financial services sector is heavily dominated by state-owned actors that rely on the U.S. financial system to conduct their business activities both within Russia and internationally. The sanctions the United States is imposing today cut off major parts of the Russian financial system and economy from access to this important financial infrastructure and the U.S. dollar more broadly.

The United States consulted closely with partners to tailor the economic costs of these actions to weigh most heavily on the Government of the Russian Federation (GoR) and its economy while mitigating impacts to America and its allies. Treasury’s sustained financial diplomacy over several months, on a near daily basis with partners and allies and at every level, has strengthened a unity of purpose, resolve, and technical coordination to deliver a broad array of impactful measures that will be felt deeply in Russia.

Today’s actions were taken pursuant to Executive Order (E.O.) 14024, which authorizes sanctions against Russia for its harmful foreign activities, including violating core principles of international law such as respect for the territorial integrity of sovereign states.

MAJOR ECONOMIC ACTIONS

Targeting Russia’s Two Largest Financial Institutions

Treasury is taking unprecedented action against Russia’s two largest financial institutions, **Public Joint Stock Company Sberbank of Russia** (Sberbank) and **VTB Bank Public Joint Stock Company** (VTB Bank), drastically altering their fundamental ability to operate. On a daily basis, Russian financial institutions conduct about \$46 billion worth of foreign exchange transactions globally, 80 percent of which are in U.S. dollars. The vast majority of those transactions will now be disrupted. By cutting off Russia’s two largest banks — which

combined make up more than half of the total banking system in Russia by asset value — from processing payments through the U.S. financial system. The Russian financial institutions subject to today’s action can no longer benefit from the remarkable reach, efficiency, and security of the U.S. financial system.

Correspondent and Payable-Through Account Sanctions on Sberbank

Today Treasury is imposing correspondent and payable-through account sanctions on Sberbank. Sberbank is uniquely important to the Russian economy, holding about a third of all bank assets in Russia. Sberbank is the largest financial institution in Russia and is majority-owned by the GoR. It holds the largest market share of savings deposits in the country, is the main creditor of the Russian economy, and is deemed by the GoR to be a systemically important financial institution. Within 30 days, OFAC is requiring all U.S. financial institutions to close any Sberbank correspondent or payable-through accounts and to reject any future transactions involving Sberbank or its foreign financial institution subsidiaries. Payments that Sberbank attempts to process in U.S. dollars for its clients — with examples ranging from technology to transportation — will be disrupted and rejected once the payment hits a U.S. financial institution.

To implement sanctions on Sberbank, OFAC issued Directive 2 under E.O. 14024, “Prohibitions Related to Correspondent or Payable-Through Accounts and Processing of Transactions Involving Certain Foreign Financial Institutions” (the “Russia-related CAPTA Directive”). This directive prohibits U.S. financial institutions from: (i) the opening or maintaining of a correspondent account or payable-through account for or on behalf of any entity determined to be subject to the prohibitions of the Russia-related CAPTA Directive, or their property or interests in property; and (ii) the processing of transactions involving any such entities determined to be subject to the Russia-related CAPTA Directive, or their property or interests in property. Accordingly, U.S. financial institutions must reject such transactions unless exempt or authorized by OFAC.

Pursuant to Directive 2 under E.O. 14024, Sberbank and 25 Sberbank foreign financial institution subsidiaries that are 50 percent or more owned, directly or indirectly, by Sberbank were identified in Annex 1 to the Russia-related CAPTA Directive. These subsidiaries include banks, trusts, insurance companies, and other financial companies located in Russia and six other countries.

Sberbank and other affiliated entities determined to be subject to the Russia-related CAPTA Directive have been added to OFAC’s List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), a reference tool that provides actual notice of OFAC actions with respect to foreign financial institutions for which the opening or maintaining of a correspondent account or a payable-through account in the United States is prohibited or subject to one or more strict conditions. All foreign financial institutions owned 50 percent or more, directly or indirectly, by Sberbank are covered by the prohibitions of the Russia-related CAPTA Directive, even if not identified on OFAC’s CAPTA List.

The prohibitions of the Russia-related CAPTA Directive take effect beginning at 12:01 a.m. eastern daylight time on March 26, 2022. Accordingly, by 12:01 a.m. eastern daylight time on March 26, 2022, U.S. financial institutions must have closed any correspondent or payable-through account maintained for Sberbank all other entities listed in Annex 1 to the Russia-related CAPTA Directive, and all foreign financial institutions owned 50 percent or more by the foregoing. In addition, after 12:01 a.m. eastern daylight time on March 26, 2022, U.S. financial institutions may not process transactions involving those institutions and must reject such transactions, unless exempt or authorized by OFAC.

Full Blocking Sanctions on VTB

OFAC has imposed full blocking sanctions on VTB Bank, Russia's second-largest financial institution, which holds nearly 20 percent of banking assets in Russia. VTB Bank is majority-owned by the GoR, which deems it to be a systemically important financial institution. This will sever a critical artery of Russia's financial system. By imposing these sanctions, assets held in U.S. financial institutions will be instantly frozen and inaccessible to the Kremlin. This is one of the largest financial institutions Treasury has ever blocked and sends an unmistakable signal that the United States is following through on its promise of delivering severe economic costs.

VTB Bank was designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, the GoR, and for operating or having operated in the financial services sector of the Russian Federation economy. In addition, 20 VTB Bank subsidiaries were designated pursuant to E.O. 14024 for being owned or controlled by, directly or indirectly, VTB Bank. These subsidiaries include banks, holding companies, and other financial companies located in Russia and eight other countries. All entities owned 50 percent or more, directly or indirectly, by VTB Bank are subject to blocking, even if not identified by OFAC.

Blocking Other Major Russian Financial Institutions

OFAC has also imposed blocking sanctions on three additional major Russian financial institutions: Otkritie, Novikom, and Sovcom. These three financial institutions play significant roles in the Russian economy, holding combined assets worth \$80 billion. These designations further restrict the Russian financial services sector and greatly diminish the ability of other critical Russian economic sectors from accessing global markets, attracting investment, and utilizing the U.S. dollar.

Public Joint Stock Company Bank Financial Corporation Otkritie (Otkritie) is deemed by the GoR to be a systemically important Russian state-owned credit institution and is Russia's seventh largest financial institution. Otkritie was designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, the GoR, and for operating or having operated in the financial services sector of the Russian Federation economy.

In addition, 12 Otkritie subsidiaries were designated today pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or

indirectly, Otkritie. The 12 Otkritie subsidiaries designated today include an insurance company, a bank, and other financial services companies in Russia and Cyprus. All entities owned 50 percent or more, directly or indirectly, by Otkritie are subject to blocking under E.O. 14024, even if not identified by OFAC.

Open Joint Stock Company Sovcombank (Sovcombank) is the third largest privately owned financial institution in Russia by total assets, and Russia’s ninth largest bank overall. The GoR identifies it as a systemically important Russian financial institution. Sovcombank was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

In addition, 22 Sovcombank subsidiaries were designated today pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, Sovcombank. The 22 Sovcombank subsidiaries designated today include a variety of financial services companies in Russia and Cyprus. All entities owned 50 percent or more, directly or indirectly, by Sovcombank are subject to blocking under E.O. 14024, even if not identified by OFAC.

Joint Stock Commercial Bank Novikombank (Novikombank) is state-owned and among the 50 largest financial institutions in Russia. Novikombank primarily operates in the Russian defense sector and serves as the core financial institution for Russian defense company Rostec, which fully owns the bank. Novikombank was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy. Prior to today’s action, Novikombank was subject to certain debt-related restrictions pursuant to Directive 3 under E.O. 13662 but is now blocked. Novikombank’s parent company, Rostec, remains subject to certain debt-related restrictions pursuant to Directive 3 under E.O. 13662.

Debt and Equity Prohibitions Against Major State-Owned and Private Entities

In a move to limit Russia’s ability to finance its invasion against Ukraine or other priorities of President Putin, OFAC expanded Russia-related debt and equity restrictions to additional key aspects of Russia’s economy. To implement this action, OFAC issued Directive 3 under E.O. 14024, “Prohibitions Related to New Debt and Equity of Certain Russia-related Entities” (the “Russia-related Entities Directive”) to prohibit transactions and dealings by U.S. persons or within the United States in new debt of longer than 14 days maturity and new equity of Russian state-owned enterprises, entities that operate in the financial services sector of the Russian Federation economy, and other entities determined to be subject to the prohibitions in this directive. This includes the 11 state-owned enterprises and two large privately owned entities that operate in the financial services sector listed in Annex 1 to the Russia-related Entities Directive.

These 13 major firms, which are listed in Annex 1 to the Russia-related Entities Directive, include companies critical to the Russian economy and six of Russia’s largest financial institutions. They are now heavily restricted from raising money through the U.S. market — a key source of capital and revenue generation, which limits the Kremlin’s ability to raise money for its malign activity — including to support the further invasion of Ukraine.

Today's action pursuant to the Russia-related Entities Directive further expands the number of Russian entities subject to prohibitions related to new debt and equity. This includes 13 entities with outstanding debt issuances, six of which are also subject to certain debt or additional restrictions pursuant to directives under E.O. 13662.

Pursuant to E.O. 14024, OFAC identified the following 11 Russian entities as being owned or controlled by, or having acted or purposed to act for or on behalf of, directly or indirectly, the GoR:

- **Sberbank** is Russia's largest financial institution. Today, Sberbank was also identified as subject to the Russia-related CAPTA Directive.
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- **Gazprombank Joint Stock Company** is Russia's third-largest financial institution and is closely affiliated with the energy sector.
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- **Joint Stock Company Russian Agricultural Bank** is Russia's fifth-largest financial institution and closely affiliated with the agricultural sector.
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- **Public Joint Stock Company Gazprom** is the world's largest natural gas company.
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- **Public Joint Stock Company Gazprom Neft** is one of Russia's largest oil producers and refiners.
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- **Public Joint Stock Company Transneft** (Transneft) manages Russia's network of petroleum-related pipelines.
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- **Public Joint Stock Company Rostelecom** is Russia's largest telecommunications company.
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- **Public Joint Stock Company RusHydro** is a hydroelectricity company and one of Russia's largest power companies.
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- **Public Joint Stock Company Alrosa** is the world's largest diamond mining company, responsible for 90 percent of Russia's diamond mining capacity, which accounts for 28 percent globally.
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- **Joint Stock Company Sovcomflot** is Russia's largest maritime and freight shipping company.
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- **Open Joint Stock Company Russian Railways** is one of the world's largest railroad companies.
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Pursuant to E.O. 14024, OFAC identified the following three Russian entities for operating or having operated in the financial services sector of the Russian Federation economy:

- **Joint Stock Company Alfa-Bank** is Russia's largest privately owned financial institution, and Russia's fourth-largest financial institution overall.
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- **Credit Bank of Moscow Public Joint Stock Company** is Russia's largest non-state public bank and Russia's sixth-largest financial institution.
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- **Sberbank**, which is described above.
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General Licenses

To ensure that these sanctions and prohibitions have an impact on the intended targets and to minimize unintended consequences on third parties, OFAC has also issued several general licenses in connection with these actions. In particular, payments for energy are from production to consumption. The sanctions and license package has been constructed to account for the challenges high energy prices pose to average citizens and doesn't prevent banks from processing payments for them.

Specifically, OFAC issued eight general licenses authorizing certain transactions related to:

- international organizations and entities;
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- agricultural and medical commodities and the COVID-19 pandemic;
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- overflight and emergency landings;
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- energy;
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- dealings in certain debt or equity;
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- derivative contracts;
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- the wind down of transactions involving certain blocked persons; and
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- the rejection of transactions involving certain blocked persons.
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To provide further guidance on these authorizations and today's action, OFAC also issued extensive public guidance in the form of Frequently Asked Questions (FAQs).

NEW ACTIONS TARGETING RUSSIAN ELITES

Families Close to Putin

Elites close to Putin continue to leverage their proximity to the Russian President to pillage the Russian state, enrich themselves, and elevate their family members into some of the highest positions of power in the country at the expense of the Russian people. Sanctioned oligarchs and powerful Russian elites have used family members to move assets and to conceal their immense

wealth. The following designations target influential Russians in Putin's inner circle and in elite positions of power within the Russian state. Many of these individuals are believed to participate in, or benefit from, the Russian regime's kleptocracy, along with their family members. Many serve in leadership roles of companies designated or identified today.

Sergei Sergeevich Ivanov, son of Sergei Borisovich Ivanov

Sergei Borisovich Ivanov (Sergei B. Ivanov) is the Special Presidential Representative for Environmental Protection, Ecology, and Transport. Sergei B. Ivanov is reportedly one of Putin's closest allies and previously served as the Chief of Staff of the Presidential Executive Office, Deputy Prime Minister, and Defense Minister of Russia. He is also a permanent member of the Security Council of the Russian Federation. Sergei B. Ivanov was previously designated in March 2014 for being an official of the GoR. Sergei Ivanov's son, Sergei Sergeevich Ivanov (Sergei S. Ivanov), is the current CEO of Russian state-owned diamond mining company Alrosa and a board member of Gazprombank.

OFAC redesignated Sergei B. Ivanov and designated his son Sergei S. Ivanov pursuant to E.O. 14024 for being or having been leaders, officials, senior executive officers, or members of the board of directors of the GoR. Sergei S. Ivanov was also designated pursuant to E.O. 14024 for being the spouse or adult child of Sergei B. Ivanov, a person whose property or interests in property are blocked for being or having been a leader, official, senior executive officer, or member of the board of directors of the GoR.

Andrey Patrushev, son of Nikolai Platonovich Patrushev

Nikolai Platonovich Patrushev (Nikolai Patrushev) is the Secretary of the Russian Federation Security Council and is reported to be a longtime close associate of Putin. Nikolai Patrushev was previously designated in April 2018 for being an official of the GoR. Patrushev's son, Andrey Patrushev, served in leadership roles at Gazprom Neft and is employed in Russia's energy sector.

OFAC redesignated Nikolai Patrushev and designated his son Andrey Patrushev pursuant to E.O. 14024 for being or having been leaders, officials, senior executive officers, or members of the board of directors of the GoR. Andrey Patrushev was also designated pursuant to E.O. 14024 for being the spouse or adult child of Nikolai Patrushev, a person whose property or interests in property are blocked for being or having been a leader, official, senior executive officer, or member of the board of directors of the GoR.

Ivan Igorevich Sechin, son of Igor Ivanovich Sechin

Igor Ivanovich Sechin (Igor Sechin) is the Chief Executive Officer (CEO), Chairman of the Management Board, and Deputy Chairman of the Board of Directors of Rosneft, one of the world's largest publicly traded oil companies. Igor Sechin was formerly the Deputy Prime Minister of the Russian Federation from 2008 until 2012 and is reportedly a close ally of Putin. Igor Sechin was previously designated in April 2014 pursuant to E.O. 13661 for being an official of the GoR. Igor Sechin's son, Ivan Igorevich Sechin (Ivan Sechin), is reportedly a deputy head of a department at Rosneft.

OFAC redesignated Igor Sechin pursuant to E.O. 14024 for being or having been a leader, official, senior executive officer, or member of the board of directors of the GoR. Ivan Sechin was designated pursuant to E.O. 14024 for being the spouse or adult child of Igor Sechin, a person whose property or interests in property are blocked for being or having been a leader, official, senior executive officer, or member of the board of directors of the GoR.

Financial Sector Elites

Senior executives at state-owned banks, like Kremlin-linked elites, take advantage of their closeness to the Russian power vertical to advance the interests of the Russian state while maintaining an extravagant standard of living.

Alexander Aleksandrovich Vedyakhin (Vedyakhin) is First Deputy Chairman of the Executive Board of Sberbank. OFAC designated Vedyakhin pursuant to E.O. 14024 for being or having been a leader, official, senior executive officer, or member of the board of directors of the GoR.

Andrey Sergeyeovich Puchkov (Puchkov) and **Yuriy Alekseyevich Soloviev** (Soloviev) are two high-ranking VTB Bank executives who work closely with VTB Bank chief executive Andrei Kostin, whom OFAC designated in April 2018 pursuant to E.O. 13661. Puchkov also has other business interests beyond VTB, including Moscow-based real estate companies **Limited Liability Company Atlant S** and **Limited Liability Company Inspira Invest A**.

Soloviev's wife, **Galina Olegovna Ulyutina** (Ulyutina), was previously implicated in a golden passport scheme.

OFAC designated Puchkov and Soloviev pursuant to E.O. 14024 for being or having been leaders, officials, senior executive officers, or members of the board of directors of the GoR.

Limited Liability Company Atlant S and Limited Liability Company Inspira Invest A were designated pursuant to E.O. 14024 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Puchkov.

Ulyutina was designated pursuant to E.O. 14024 for being the spouse or adult child of Soloviev, a person whose property and interests in property are blocked pursuant to E.O. 14024.

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