



JULY 30, 2014

CIRCULAR NO. 22/14

TO MEMBERS OF THE ASSOCIATION

Dear Member:

**US ECONOMIC SANCTIONS UPDATE: ADDITIONAL US SANCTIONS – RUSSIAN ENTITIES**

The United States yesterday imposed economic (sectoral) sanctions on the following three additional Russian banks.<sup>1</sup>

BANK OF MOSCOW (f.k.a. AKTSIONERNY KOMMERCHESKI BANK BANK MOSKVY, OTKRYTOE AKTSIONERNOE OBSHCHESTVO; a.k.a. JOINT STOCK COMMERCIAL BANK - BANK OF MOSCOW, OPEN JOINT STOCK COMPANY);

RUSSIAN AGRICULTURAL BANK (f.k.a. OTKRYTOE AKTSIONERNOE ROSSISKI SELSKOKHOZYAISTVENNY BANK; a.k.a. ROSSELKHOZBANK; a.k.a. ROSSIYSKI SELSKOKHOZYAISTVENNY BANK OAO; a.k.a. RUSSIAN AGRICULTURAL BANK OAO); and

VTB BANK OAO (f.k.a. BANK VNESHNEY TORGOVLI ROSSIYSKOY FEDERATSII, CLOSED JOINT-STOCK COMPANY; f.k.a. BANK VNESHNEY TORGOVLI RSFSR; f.k.a. BANK VNESHNEY TORGOVLI, JOINT-STOCK COMPANY; f.k.a. BANK VNESHNEY TORGOVLI, OPEN JOINT-STOCK COMPANY; a.k.a. BANK VTB OAO; a.k.a. BANK VTB, OPEN JOINT-STOCK COMPANY; a.k.a. JSC VTB BANK; f.k.a. VNESHTORGBANK; f.k.a. VNESHTORGBANK ROSSII, CLOSED JOINT-STOCK COMPANY; a.k.a. VTB BANK, OPEN JOINT-STOCK COMPANY).

The sanctions imposed on the foregoing banks are limited in scope. They prohibit transacting in, providing financing for, or otherwise dealing in new debt of longer than 90 days' maturity or new equity for the identified banks, and for entities they own or control. All other transactions with these banks, or involving any property in which one or more of these banks has an interest, are permitted, provided such transactions do not otherwise involve property or interests in property of a person blocked pursuant to any other sanctions programs implemented by the US Treasury's Office of Foreign Assets Control (OFAC).

The above banks join the list of banks and other entities against which the US has previously imposed sectoral sanctions. The complete list of these entities is available at:

[http://www.treasury.gov/ofac/downloads/ssi/ssi\\_pgrmlst.txt](http://www.treasury.gov/ofac/downloads/ssi/ssi_pgrmlst.txt)

**Sectoral sanctions – Russian entities**

Depending on the identified Russian entity involved, these sectoral sanctions prohibit US persons from either transacting in, providing financing for, or otherwise dealing in new debt of longer than 90 days

<sup>1</sup> Yesterday, the European Union (EU) also agreed to impose sanctions on certain Russian entities targeting its oil industry, defense, dual-use goods and sensitive technologies. These sanctions will limit Russia's access to EU capital markets, impose an embargo on trade in arms, establish an export ban for dual-use goods for military end users, and curtail Russian access to sensitive technologies particularly in the field of the oil sector.



maturity or new equity for the identified entities, and for entities they own or control. The provision by US persons of insurance, the provision of transportation services to these entities, and other transactions with these entities are not prohibited.

### **Blocking sanctions – Russian entities**

In addition to entities against which the US has imposed sectoral sanctions, it has also imposed sanctions on other designated Russian entities and on certain Russian individuals. These entities and individuals appear on OFAC's SDN and Blocked Persons List. Sanctions against these individuals and entities (the "Russian SDN Entities") block their property and their interests in property within the US jurisdiction. This means that US persons are comprehensively prohibited from doing business or from engaging in other economic transactions with these persons or with entities they own or control.

The American Club is prohibited from providing insurance to or engaging in other transactions with or involving the Russian SDN Entities or entities or vessels they own or control. Transactions by US persons or transactions by any person having a US nexus (such as dollar payments) involving the Russian SDN Entities are prohibited and must be blocked. OFAC's SDN and Blocked Persons List is searchable at:

[http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/fuzzy\\_logic.aspx](http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/fuzzy_logic.aspx)

Transactions by non-US persons with or involving the Russian SDN Entities and which otherwise do not involve a US person or the United States are not prohibited.

Additionally, persons who provide material support to the Russian SDN Entities could themselves be designated as Russian SDN Entities and be included on OFAC's SDN and Blocked Persons List.

### **Due diligence**

Members are strongly urged to exercise the utmost degree of caution in their dealings to ensure that they do not run afoul of the sectoral sanctions and the blocking sanctions described above, or cause the American Club to commit a violation of these sanctions. Members are urged to screen their partners, transactions, and transaction counterparties so that they know to properly avoid and refrain from the potential implication of the prohibitions of the sectoral sanctions and the blocking sanctions described above.

### **Questions and guidance**

For any questions regarding any aspect of the foregoing and other sanctions in general, or for confirmations as to the availability of cover for voyages, please contact: Charles J. Cuccia, Senior Vice President – Compliance & Enterprise Risk Management, ph +1 212 847 4539, mob +1 917 215 2883, charles.cuccia@american-club.com.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO  
Shipowners Claims Bureau, Inc., Managers for  
**THE AMERICAN CLUB**