



**JULY 17, 2014**

**CIRCULAR NO. 20/14**

**TO MEMBERS OF THE ASSOCIATION**

**Dear Member:**

**US ECONOMIC SANCTIONS UPDATE: NEW US SECTORAL SANCTIONS AGAINST CERTAIN RUSSIAN ENTITIES: ADDITIONS TO THE SDN LIST**

On July 16, 2014, the United States increased the economic sanctions pressure on Russia by announcing a new round of sanctions against certain Russian entities in the financial and energy sectors (sectoral sanctions).

These new sanctions were imposed pursuant to Executive Order (EO) 13662 by way of Directives issued by the US Treasury's Office of Foreign Assets Control (OFAC).

The new sanctions prohibit transacting in, providing financing for, or otherwise dealing in, debt with a maturity of longer than 90 days, or equity, if that debt or equity is issued after on or after July 16, 2014 (the applicable sanctions effective date) ("new debt" or "new equity") by, on behalf of, or for the benefit of, certain named persons operating in Russia's financial and energy sector, their property, or their interests in property.

All other transactions with these persons, or involving any property in which one or more of these persons has an interest, are permitted, provided such transactions do not otherwise involve property or interests in property of a person blocked pursuant to Executive Orders (EOs) 13660, 13661 or 13662, or any other sanctions programs implemented by OFAC.

Persons identified in the Directives will not be added to the Specially Designated Nationals (SDN) list, and the action does not require US persons to block the property or interests in property of the entities identified in them. US persons should reject transactions or dealings that are prohibited by these Directives, and to the extent required by the Reporting, Procedures and Penalties Regulations, US persons must report to OFAC any rejected transactions within ten business days. Persons identified in the Directives will be added to OFAC's Sectoral Sanctions Identification List.

Under the new sanctions, the term debt includes bonds, loans, extensions of credit, loan guarantees, letters of credit, drafts, banker's acceptances, discount notes or bills, or commercial paper. The term equity includes stocks, share issuances, depository receipts, or any other evidence of title or ownership. The prohibitions apply to all transactions involving new debt with a maturity of longer than 90 days or new equity; all financing in support of such new debt or new equity; and any dealing in, including provision of services in support of, such new debt or new equity. The prohibitions extend to rollover of existing debt, if such rollover results in the creation of new debt with a maturity of longer than 90 days.

Transacting in, providing financing for, or otherwise dealing in, any debt or equity issued prior to the sanctions' effective date by, on behalf of, or for the benefit of, the entities operating in the financial and energy sectors which are identified in the Directives is permissible. In addition, transacting in, providing financing for, or otherwise dealing in, debt instruments with maturities of 90 days or less



issued by or on behalf of the entities identified in the Directives, even if they are issued after the sanctions' effective date, is permissible.

US financial institutions may continue to maintain correspondent accounts and process US dollar-clearing transactions for the persons identified in the Directives, so long as those activities do not involve transacting in, providing financing for, or otherwise dealing in, prohibited transaction types identified by the new Directives.

## Summary

The new sectoral sanctions are limited in scope and they impact only identified entities (and entities owned or controlled by them). The sanctions prohibit providing financing for, or otherwise dealing in debt with a maturity of longer than 90 days or equity if that debt or equity is issued after on or after July 16, 2014 ("new debt" or "new equity") by, on behalf of, or for the benefit of certain named persons operating in Russia's financial and energy sector, and entities owned or controlled by them.

The prohibition on dealing in new debt applies to identified entities in Russia's energy sector. There is no prohibition on dealing with the new equity of such entities. The prohibition on dealing in new debt and new equity applies to identified entities in Russia's financial sector.

Providing transportation services or insurance to the identified entities is not prohibited.

The above-described sanctions have been imposed against the following Russian entities which now appear on OFAC's Sectoral Sanctions Identification List:

GAZPROMBANK OAO (a.k.a. GAZPROMBANK GAS INDUSTRY OJSC; a.k.a. GAZPROMBANK OJSC; a.k.a. GAZPROMBANK OPEN JOINT STOCK COMPANY; a.k.a. GAZPROMBANK OTKRYTOE AKTSIONERNOE OBSHCHESTVO; a.k.a. GPB, OAO; a.k.a. GPB, OJSC), 16, Building 1, Nametkina St., Moscow 117420, Russia; 63, Novocheremushkinskaya St., Moscow 117418, Russia; SWIFT/BIC GAZPRUMM; Website [www.gazprombank.ru](http://www.gazprombank.ru); Email Address [mailbox@gazprombank.ru](mailto:mailbox@gazprombank.ru); Registration ID 1027700167110; Tax ID No. 7744001497; Government Gazette Number 09807684 [UKRAINE-EO13662].

OAO NOVATEK (a.k.a. FINANSOVO-INVESTITSIONNAYA KOMPANIYA NOVAFININVEST OAO; a.k.a. NOVATEK), 2, Udaltsova Street, Moscow 119415, Russia; 22 A, Pobedy Street, Tarko-Sale, Yamalo-Nenets Autonomous District 629580, Russia; 22a Pobedy ul., Tarko-Sale, Purovski raion, Tyumenskaya Oblast 629850, Russia; Email Address [novatek@novatek.ru](mailto:novatek@novatek.ru); Registration ID 1026303117642 (Russia); Government Gazette Number 33556474 (Russia) [UKRAINE-EO13662].

OPEN JOINT-STOCK COMPANY ROSNEFT OIL COMPANY (a.k.a. OAO ROSNEFT OIL COMPANY; a.k.a. OIL COMPANY ROSNEFT; a.k.a. OJSC ROSNEFT OIL COMPANY; a.k.a. ROSNEFT; a.k.a. ROSNEFT OIL COMPANY), 26/1 Sofiyskaya Embankment, Moscow 115035, Russia; Website [www.rosneft.com](http://www.rosneft.com); alt. Website [www.rosneft.ru](http://www.rosneft.ru); Email Address [postman@rosneft.ru](mailto:postman@rosneft.ru); Registration ID 1027700043502 (Russia); Tax ID No. 7706107510 (Russia); Government Gazette Number 00044428 (Russia) [UKRAINE-EO13662].

VNESHECONOMBANK (a.k.a. BANK FOR DEVELOPMENT AND FOREIGN ECONOMIC AFFAIRS (VNESHECONOMBANK) STATE CORPORATION; a.k.a. BANK RAZVITIYA I VNESHNEEKONOMICHESKOI DEYATELNOSTI (VNESHEKONOMBANK) GOSUDARSTVENNAYA KORPORATSIYA; a.k.a. "VEB"), 9 Akademika Sakharova prospekt, Moscow 107996, Russia; SWIFT/BIC BFEA RU MM; Website <http://www.veb.ru>; Email Address [info@veb.ru](mailto:info@veb.ru); BIK (RU) 044525060 [UKRAINE-EO13662].

## Additions to the SDN list

Also on July 16, OFAC added an additional group of companies and individuals to the US SDN list pursuant to Executive Orders 13660 and 13661. The following eight companies associated with the Russian defense industry have been designated as SDNs under EO 13661:

Almaz-Antey  
Federal State Unitary Enterprise State Research and Production Enterprise Bazalt  
JSC Concern Sozvezdie  
JSC MIC NPO Mashinostroyenia  
Kalashnikov  
KBP Instrument Design Bureau  
Radio-Electric Technologies  
Uralvagonzavod

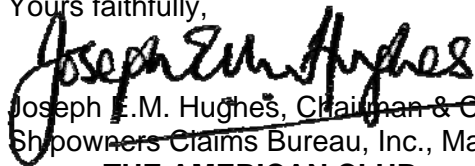
The SDN designation of these companies means that their property and interest in property in the US is blocked and that US persons generally cannot transact any business with them.

Four individual Russian government officials were also added to the SDN list under EO 13661 and three entities and one person were named SDNs under EO 13660. One of the entities is Feodosiya Enterprise, which OFAC describes as operating a key shipping facility in the Crimean peninsula for oil imports and exports. The assets of these individuals and companies located in the US are now blocked and US persons are prohibited from dealing with them.

## Questions and guidance

For any questions regarding any aspect of the foregoing or with respect to Russian entities and other sanctions in general, and for confirmations as to the availability of cover for voyages involving the above-listed Russian entities, Members are requested to 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](mailto:charles.cuccia@american-club.com).

Yours faithfully,



Joseph E.M. Hughes, Chairman & CEO  
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**THE AMERICAN CLUB**