

International Trade Alert

April 24, 2018

Key Point

- Today, OFAC issued General License 14, authorizing U.S. persons to engage in specified transactions related to maintenance or wind down of operations, contracts or other agreements involving RUSAL until October 23, 2018, extending the previous deadline of June 5, 2018.



OFAC Issues General License Expanding and Extending Authorized Activities with RUSAL Until October 23, 2018

On April 23, 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) issued **General License 14** authorizing U.S. persons to engage in specified transactions related to maintenance or wind down of operations, contracts, or other agreements involving key Russian aluminum producer, United Company RUSAL PLC (RUSAL), a Specially Designated National (SDN), until October 23, 2018. Previously, General License 12 had imposed a June 5, 2018, deadline on such activities.

OFAC's issuance of General License 14 is intended to address the impact of its April 6, 2018, sanctions designation of RUSAL, which is partly owned and controlled by Oleg Deripaska, who was also designated as a SDN on April 6, 2018. As noted by U.S. Treasury Secretary Steven T. Mnuchin, "RUSAL has felt the impact of U.S. sanctions because of its entanglement with Oleg Deripaska, but the U.S. government is not targeting the hardworking people who depend on RUSAL and its subsidiaries." Secretary Mnuchin additionally noted, "RUSAL has approached us to petition for delisting. Given the impact on our partners and allies, we are issuing a general license extending the maintenance and wind-down period while we consider RUSAL's petition."

In addition to extending the deadline from June 5 to October 23, 2018, General License 14 permits the exportation of goods from the United States so long as the exportation is for maintenance or wind-down of operations, contracts or other agreements that were in effect prior to RUSAL's April 6 designation.

Importantly, General License 14 applies to entities in which RUSAL owns, directly or indirectly, a 50 percent or greater interest, but does not extend to other persons sanctioned on April 6, 2018, including other entities owned by Mr. Deripaska. Additionally, consistent with General License 12, General License 14 does not authorize the divestiture or transfer of debt, equity or other holdings in, to or for the benefit of RUSAL. Further, General License 14 does not unblock funds that were blocked prior to April 23, 2018, the

date of General License 14. However, General License 14 authorizes the use of blocked funds for the maintenance and wind-down activities described in the General License.

OFAC issued updated [Frequently Asked Questions](#) related to this General License clarifying that non-U.S. persons may also engage in activities that would be authorized under General License 14 for U.S. persons and reiterated that such transactions would not be considered “significant” for the purposes of a sanction designated under Sections 228 and 226 of the Countering America’s Adversaries Through Sanctions Act (CAATSA). OFAC also clarified that non-U.S. persons engaging in maintenance or wind-down activities within the scope of General License 14 are not required to deposit payments into blocked accounts of U.S. financial institutions in order to avail themselves of this stated policy.

Finally, OFAC replaced and superseded the previous General License 12 with an updated [General License 12A](#), which contains minor edits, intended to reflect and reference the new authorization provided in General License 14.

OFAC’s FAQ 576 specifically states that “the path for the United States to provide sanctions relief is through divestment and relinquishment of control of RUSAL by Oleg Deripaska.”

Contact Information

We will be monitoring developments in this area closely. If you have any questions regarding this update or if we can be of any assistance as you review the impact of these General Licenses, please contact:

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