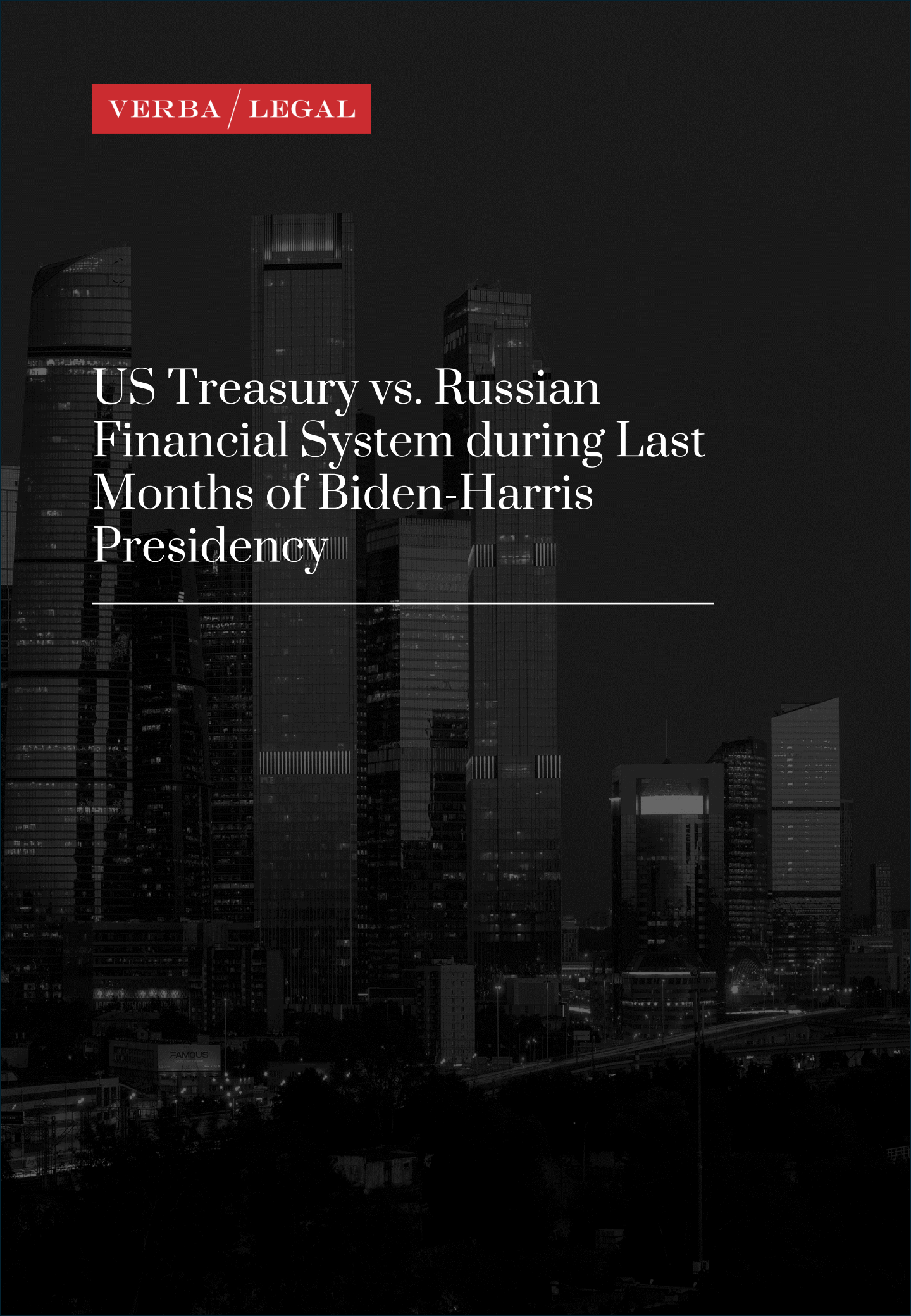


US Treasury vs. Russian Financial System during Last Months of Biden-Harris Presidency



New Sanctions

On 21 November 2024, the US Treasury announced another set of blocking sanctions against a number of Russian financial institutions and specialised depositories, as well as officials of Russian companies and the Central Bank of the Russian Federation.

Totally 50 Russian banks, 40 registrars, and 15 officials are affected.

They include:

- Gazprombank;
- BCS-Bank;
- Bank DOM.RF;
- Fora-Bank;
- Foreign branches of VTB in Shanghai (China) and Sberbank in New Delhi (India);
- Subsidiary of GPB in Luxembourg;
- A number of registrars;
- Deputy Chairmen of the Central Bank of the Russian Federation Vladimir Chistyukhin and Dmitry Tulin.

According to the press release¹, the United States introduced these restrictions under agreements with G7 international partners and in continuation of efforts to put pressure on the Russian financial sector.

Furthermore, on 21 November 2024, a separate clarification was published to explain the nature of sanctions risks within the SFPS system, participation in which can be qualified as an attempt to circumvent sanctions.²

¹<https://home.treasury.gov/news/press-releases/jy2725>

²<https://ofac.treasury.gov/media/933656/download?inline>

Real-Life Impact

The overwhelming majority of banks that have been sanctioned today have long seen the risk of inclusion in the SDN as very tangible. Some of them have developed stress plans, while others have already taken measures to hedge their potential losses.

The most immediate and practical recommendation for banks is to suspend all non-rouble payments, both incoming and outgoing, until reliable methods are determined. Even correspondent banks of friendly states often comply with US sanctions, for one reason or another.

It may also be important for release of assets of individual investors whose depositories have been sanctioned.

Political expediency

The introduction of sanctions against Gazprombank and DOM.RF Bank was postponed for political reasons. The Biden-Harris administration is leaving the White House, and further difficulties associated with the consequences of these restrictions will be dealt with by Trump and Vance.

It is quite possible that the sanctions regime may be partially cushioned, especially if E.O. 14024 is repealed and a new Executive Order is issued, but at least 100 days will pass before that happens.



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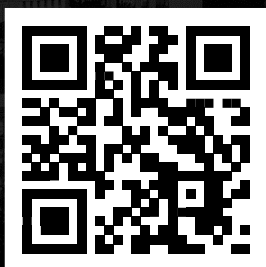
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