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CLIENT ALERT

Update on US Russia/Ukraine Sanctions: US imposes new investment, trade and financing restrictions on US commerce with Luhansk and Donetsk regions of Ukraine

On Monday, February 21, President Biden signed an Executive Order imposing immediate restrictions on existing and future US commerce with the Luhansk and Donetsk regions in Ukraine. Any US company or person that currently does business or is planning to do business with the Luhansk or Donetsk regions should identify whether any of its existing or planned activities are prohibited under the new Executive Order and take action as needed to comply with the restrictions. US persons that were already engaged in the prohibited activities prior to February 21 will have until **March 23, 2022** to wind-down those activities. **The US and its allies are expected to impose additional sanctions on Tuesday, February 22.**

What happened on Monday?

Russian President Putin issued a statement that recognized the Luhansk (LNR) and Donetsk (DNR) areas of Ukraine as “independent states” and ordered Russian troops to move into these areas on “peacekeeping duties”. Following these actions, President Biden signed an Executive Order that imposed immediate restrictions on existing and future US commerce with persons in the LNR and DNR regions. The White House announced that these restrictions are distinct from the more severe economic measures that the administration is prepared to impose upon any further Russian invasion of Ukraine.

What does the Executive Order prohibit?

The Executive Order prohibits any US person (including US companies and individuals), wherever located, from doing any of the following:

- making any new investment in the LNR or DNR;
- importing (directly or indirectly) into the US any goods, services or technology from the LNR or DNR;
- exporting, re-exporting, selling or supplying (directly or indirectly) any goods, services or technology into the LNR or DNR; and
- approving, financing, facilitating or guaranteeing a transaction by a non-US person if a US person would be prohibited from entering into the transaction under the above restrictions.

The US Treasury Department also issued six General Licenses on Monday that provide a short wind-down window until March 23, 2022 for current activities, as well as continuing to permit international humanitarian activities, telecommunications and internet services, personal non-commercial remittances to people in Ukraine, and other humanitarian aid activities (such as food, medicine, etc.). The Executive Order also gives authority to the US Treasury Department to identify specific companies and individuals for further sanctions. The Executive Order and General Licenses can be found [here](#).

For more information, contact: Kristen Geyer, Partner & Government, Regulatory and Compliance Practice Co-Chair at Culhane Meadows, kgeyer@cm.law or +1.512.960.4039.

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