

ClientAlert

International Trade

February 2015

Crimea-related Developments: OFAC Issues Authorizations for Certain Crimea-related Communications Activity and Personal Remittances; BIS Imposes License Requirement for Exports to Crimea



On January 30, 2015, the US Department of the Treasury's Office of Foreign Assets Control (OFAC) issued three General Licenses, authorizing certain personal remittances, the operation of personal accounts and certain mail and telecommunications transactions otherwise prohibited by Executive Order 13685 (EO 13685) "involving the Crimea region of Ukraine" or persons ordinarily resident in the "Crimea region of Ukraine."¹ EO 13685 was issued on December 19, 2014, and broadly prohibited transactions with respect to the Crimea region of Ukraine. These General Licenses will permit certain transactions to continue even after the expiration of General License 5 at the end of January 31, 2015, which authorized the wind-down of transactions involving the Crimea region of Ukraine that became prohibited on December 19, 2014.²

Separately, on January 29, 2015, the US Department of Commerce's Bureau of Industry and Security (BIS) imposed a license requirement for the export or reexport to the Crimea region of Ukraine, and the transfer within the Crimea region of Ukraine, of all items subject to the Export Administration Regulations (EAR), other than certain food and medicine.

General Licenses

- **General License 6** authorizes noncommercial, personal remittances.³ Specifically, US persons⁴ (including US depository institutions, US-registered brokers or dealers in securities and US-registered money transmitters) are authorized to send, receive, and process transfers of funds to or from the Crimea region of Ukraine for individuals ordinarily resident in the Crimea region of Ukraine. The transfer must be a noncommercial personal remittance and may not involve any blocked parties on the List of Specially Designated Nationals and Blocked Persons (SDN List) or any entity 50 percent or greater owned in the aggregate by one or more blocked parties. This authorization does not extend to charitable donations of funds or funds transfers for use in supporting or operating a business, including a family-owned business.

1 Our client alert on EO 13685 is available [here](#).

2 Our client alert on General License 5 is available [here](#).

3 See General License 6 [here](#).

4 A US Person is defined to include any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

White & Case LLP
701 Thirteenth Street, NW
Washington, DC
20005-3807
United States
+ 1 202 626 3600

White & Case LLP
Avocats-Advocaten
62 rue de la Loi Wetstraat 62
1040 Brussels
Belgium
+ 32 2 219 16 20

- **General License 7** authorizes the operation of accounts in US financial institutions for individuals ordinarily resident in the Crimea region of Ukraine, provided they are not a blocked parties.⁵ The transactions processed through the account must be “of a personal nature” and not for use in supporting or operating a business. No transfers can be for the benefit of individuals ordinarily resident in the Crimea region of Ukraine unless authorized by General License 6 above, and they must not be otherwise prohibited by the Ukraine-related sanctions generally.
- **General License 8** authorizes all transactions with respect to the receipt and transmission of telecommunications involving the Crimea region of Ukraine, provided that no payment involves any blocked parties.⁶ However, this authorization does not include:
 - The provision, sale or lease of telecommunications equipment or technology
 - The provision, sale or lease of capacity on telecommunications transmission facilities (such as satellite or terrestrial network activity)

General License 8 further authorizes all transactions of common carriers incident to the receipt or transmission of mail and packages between the United States and the Crimea region of Ukraine, provided that the underlying importation or exportation of such mail and packages is exempt from the prohibitions of the Ukraine-related sanctions.

BIS License Requirement

The new BIS rule imposes a license requirement on the export or reexport to the Crimea region of Ukraine, and the transfer within the Crimea region of Ukraine, of all items subject to the EAR with the exception of food and medicine classified “EAR99” for US export control purposes. This license requirement complements the comprehensive sanctions maintained by OFAC on the Crimea region of Ukraine.

The scope of items subject to the EAR is broad and includes items located in the United States, US-origin products, as well as some non-US made items that incorporate greater than de minimis US-origin content and items that are the direct product of certain US-origin technology. Consequently, this policy impacts not only US businesses engaged in exports to the Crimea region of Ukraine, but also non-US companies engaged in exports to the Crimea region of Ukraine from third countries of products that are subject to the EAR.

More information about the Russia sanctions, including the corresponding Executive Orders and sanctions measures, can be found [here](#). Companies doing business in Russia and Ukraine should monitor closely any additional sanctions measures and corresponding authorizations to ensure compliance. Compliance with the new US restrictions on Crimea requires ensuring that both the OFAC and BIS rules are satisfied where applicable. Penalties for noncompliance can be severe.

⁵ See General License 7 [here](#).

⁶ See General License 8 [here](#).

Client Alert

International Trade

Richard J. Burke
Partner, Washington, DC
+ 1 202 626 3687
rburke@whitecase.com

Nicole E. Erb
Partner, Washington, DC
+ 1 202 626 3694
nerb@whitecase.com

Kristina Zissis
Counsel, Washington, DC
+ 1 202 626 3636
kzissis@whitecase.com

Claire A. DeLelle
Counsel, Washington, DC
+ 1 202 626 6485
claire.delelle@whitecase.com

Cristina Brayton-Lewis
Associate, Washington, DC
+ 1 202 729 2407
cbraytonlewis@whitecase.com

Tanya Hanna
Associate, Washington, DC
+ 1 202 637 6294
thanna@whitecase.com

James R.M. Killick
Partner, Brussels
+ 32 2 239 2552
jkillick@whitecase.com

Genevra Forwood
Counsel, Brussels
+32 2 239 2537
gforwood@whitecase.com

Sara Nordin
Associate, Brussels & Geneva
+ 32 2 239 2576
snordin@whitecase.com

Charlotte Van Haute
Associate, Brussels
+32 2 239 2623
cvanhaute@whitecase.com

Fabienne Vermeeren
Regional Director Europe – International
Trade Services, Brussels
+ 32 2 239 2606
fvermeeren@whitecase.com

This Client Alert is provided for your convenience and does not constitute legal advice. It is prepared for the general information of our clients and other interested persons. This Client Alert should not be acted upon in any specific situation without appropriate legal advice and it may include links to websites other than the White & Case website.

White & Case has no responsibility for any websites other than its own and does not endorse the information, content, presentation or accuracy, or make any warranty, express or implied, regarding any other website.

This Client Alert is protected by copyright. Material appearing herein may be reproduced or translated with appropriate credit.

whitecase.com