U.S. DEPARTMENT OF THE TREASURY

FINANCIAL SANCTIONS

- Specially Designated Nationals And Blocked Persons List (SDN)
- SDN List - Data Formats & Data Schemas
- Consolidated List Sanctions
- Recent Actions
- Search OFAC's Sanctions List
- Additional Sanctions Lists
- Sanctions Programs and Country Information
- OFAC License Applications Page
- Additional OFAC Resources
- Civil Penalties and Enforcement Information
- OFAC Reporting System
- Contact OFAC

Frequently Asked Questions

Search FAQs

Search FAQs

Search by Topic

- Any -

SEARCH

RUSSIAN HARMFUL FOREIGN ACTIVITIES SANCTIONS

1,021. Do the prohibitions of Executive Order (E.O.) 14024 and other Russia-related sanctions extend to virtual currency?

Yes. The Office of Foreign Assets Control (OFAC) has imposed expansive sanctions actions against certain Russian entities and individuals pursuant to E.O. 14024 , in addition to other authorities. All U.S. persons are required to comply with OFAC regulations, regardless of whether a transaction is denominated in traditional fiat currency or virtual currency (see FAQ 560).

Sanctioned Russian persons are known to employ a wide variety of measures in their efforts to evade U.S. and international sanctions. As such, U.S. persons, wherever located, including firms that process virtual currency transactions, must be vigilant against attempts to circumvent OFAC regulations and must take risk-based steps to ensure they do not engage in prohibited transactions. For additional information regarding sanctions compliance best practices for the virtual currency industry, please see OFAC's Sanctions Compliance Guidance for the Virtual Currency Industry.

U.S. persons, including virtual currency exchanges, virtual wallet hosts, and other service providers, such as those that provide nested services for foreign exchanges, are generally prohibited from engaging in or facilitating prohibited transactions, including virtual currency transactions in which blocked persons have an interest. U.S. persons are further prohibited from engaging in or facilitating any transaction by a non-U.S. person that would be prohibited if performed by a U.S. person or within the United States, including virtual currency transactions involving the Central Bank of the Russian Federation, National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation. Among other activities, U.S. financial institutions are also generally prohibited from processing transactions, including virtual currency transactions, involving foreign financial institutions that are determined to be subject to the prohibitions of Directive 2 under Executive Order 14024, "Prohibitions Related to Correspondent or Payable-Through Accounts and Processing of Transactions Involving Certain

Foreign Financial Institutions" . For additional information regarding the Russia-related CAPTA Directive, please see FAQ 967.

Non-U.S. persons are also subject to certain OFAC prohibitions. Such persons, for example, are prohibited from causing or conspiring to cause U.S. persons to violate U.S. sanctions, as well as engaging in conduct that evades or avoids a violation of OFAC sanctions. Violations of OFAC regulations may result in criminal or civil penalties.

E.O. 14024 further authorizes sanctions against persons determined to be responsible for or complicit in, or to have directly or indirectly engaged or attempted to engage in, deceptive or structured transactions or dealings to circumvent U.S. sanctions, including through the use of digital currencies or assets, or the use of physical assets. E.O. 14024 also authorizes sanctions against persons determined to operate or to have operated in the financial services or technology sectors of the Russian Federation economy, as well as persons that have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, blocked persons.

OFAC is closely monitoring any efforts to circumvent or violate Russia-related sanctions, including through the use of virtual currency, and is committed to using its broad enforcement authorities to act against violations and to promote compliance.

For additional information regarding the application of sanctions to virtual currency, please see FAQs 559, 560, 561, 562, 563, 594, 646, 647, and 971, as well as OFAC's Sanctions Compliance Guidance for the Virtual Currency Industry.

For additional Treasury guidance on Russia and sanctions evasion, please see FinCEN's Alert on Increased Vigilance for Potential Russian Sanctions Evasion Attempts.

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