



Senate Introduces “Defending Ukraine Sovereignty Act of 2022”

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On January 12, 2022, Democratic Senator Robert Menendez introduced the Defending Ukraine Sovereignty Act of 2022 (S.3488), with 38 cosponsors. On the same day, House Republicans submitted a similar bill, illustrating a significant amount of bipartisan support for the issue. The intent of S.3488 is to deter a Russian “escalation” of hostilities in Ukraine through expedited financial assistance and procurement of defense articles and the imposition of sanctions against Russian officials, as well as individuals and entities involved in the Nord Stream 2 pipeline, including Russian financial institutions.

In current form, S.3488 would authorize funding of more than \$500 million and other assistance to Ukraine, including expedited procurement of defense articles and services, military training, and resources to counter misinformation in the media. Furthermore, S.3488 would require the President to make findings regarding whether Russia has “escalated” hostilities with Ukraine since December 1, 2021, and, if the President makes such a determination, it compels a variety of sanctions against Russian government officials, Russian financial institutions, the Nord Stream 2 pipeline and involved entities, and Russian extractive industries, and prohibits transactions involving Russian sovereign debt.

The authorized sanctions include property seizure, visa denials and cancellations, and other actions authorized by the International Emergency Economic Powers Act. The sanctions seek to deter any further Russian action in Ukraine and to “prevent the Nord Stream 2 pipeline from becoming operational.”

Importantly for financial institutions, S.3488 currently requires the President to impose sanctions on at least three out of the 12 listed Russian financial institutions that could face sanctions, and requires the President to present a list of additional Russian financial institutions if applicable. In addition, S.3488 would prohibit companies or individuals from providing sanctioned Russian financial institutions with specialized financial messaging services (such as SWIFT).

Companies involved in or considering business related to these industries and individuals should remain aware of the potential risks of legislative action based on the bipartisan support illustrated by bills from the Democrats and Republicans in both chambers of Congress.

Winston & Strawn will continue to monitor developments. For further information, please contact the authors or your Winston relationship attorney.

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