

RUSSIA AND BELARUS FINANCIAL SANCTIONS ACT

MAY 10, 2022.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Ms. WATERS, from the Committee on Financial Services,  
submitted the following

R E P O R T

[To accompany H.R. 7066]

The Committee on Financial Services, to whom was referred the bill (H.R. 7066) to require United States financial institutions to ensure entities and persons owned or controlled by the institution comply with financial sanctions on the Russian Federation and the Republic of Belarus to the same extent as the institution itself, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Russia and Belarus Financial Sanctions Act of 2022”.

**SEC. 2. REQUIREMENTS.**

(a) **IN GENERAL.**—A United States financial institution shall take all actions necessary and available to cause any entity or person owned or controlled by the institution to comply with any provision of law described in subsection (b) to the same extent as required of a United States financial institution.

(b) **PROVISION OF LAW DESCRIBED.**—A provision of law described in this subsection is any prohibition or limitation described in a sanctions-related statute, regulation or order applicable to a United States financial institution concerning the Russian Federation or the Republic of Belarus, involving—

- (1) the conduct of transactions;
- (2) the acceptance of deposits;
- (3) the making, granting, transferring, holding, or brokering of loans or credits;
- (4) the purchasing or selling of foreign exchange, securities, commodity futures, or options;
- (5) the procuring of purchasers and sellers described under paragraph (4) as principal or agent; or
- (6) any other good or service provided by a United States financial institution.

(c) **PENALTY.**—A United States financial institution that violates subsection (a) shall be subject to the penalties described in the applicable statute, regulation or order applicable to a United States financial institution.

(d) **UNITED STATES FINANCIAL INSTITUTION DEFINED.**—In this section, the term “United States financial institution” means any U.S. entity (including its foreign branches) that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes depository institutions, banks, savings banks, money services businesses, operators of credit card systems, trust companies, insurance companies, securities brokers and dealers, futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, dealers in precious metals, stones, or jewels, and U.S. holding companies, U.S. affiliates, or U.S. subsidiaries of any of the foregoing. This term includes those branches, offices, and agencies of foreign financial institutions that are located in the United States, but not such institutions’ foreign branches, offices, or agencies.

**PURPOSE AND SUMMARY**

On March 11, 2022, Representative Sherman introduced H.R. 7066, the “Russia and Belarus Financial Sanctions Act of 2022,” which would clarify that U.S. financial institutions that are obligated to comply with various sanctions against Russia and Belarus, must take all necessary and available actions to ensure that any entity it owns or controls, including any foreign subsidiaries, comply with the sanctions.

**BACKGROUND AND NEED FOR LEGISLATION**

On February 24, 2022, Russian President Vladimir Putin launched an unprovoked, illegal invasion of Ukraine. Beginning on February 21, 2022, the U.S. has worked with its allies to impose a wide range of sanctions, prohibitions, restrictions, and bans on Russia and Belarus. Many U.S. economic sanctions that apply to Russia and Belarus typically require a “U.S. person,” including U.S. financial institutions, to comply with the mandate. However, there is ambiguity regarding the extent to which foreign subsidiaries of U.S. financial institutions are required to comply with the sanctions. This bill is intended to clarify and ensure all aspects of U.S. financial institutions implement the relevant sanctions against Russia and Belarus.

## SECTION-BY-SECTION ANALYSIS

*Section 1. Short title*

- This section establishes the short title of the bill as the “Russia and Belarus Financial Sanctions Act of 2022”.

*Section 2. Requirements*

- This section stipulates a U.S. financial institution, as that term is defined in the Code of Federal Regulations under section 561.309 of title 31, must take all necessary and available actions to ensure any entity owned or controlled by the financial institution complies with relevant sanctions against Russia and Belarus pursuant to another statute, regulation or order. Such sanctions may include, for example, limitations or prohibitions on transactions, deposits, loans, securities, or providing any other good or service.

## HEARINGS

For the purposes of section 3(c)(6) of House rule XIII, the Committee on Financial Services’ Full Committee held a hearing on April 6, 2022 to consider H.R. 7066 entitled, “The Annual Testimony of the Secretary of the Treasury on the State of the International Financial System.”

## COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on March 17, 2022 and ordered H.R. 7066 to be reported favorably to the House with an amendment in the nature of a substitute by a voice vote, a quorum being present.

## COMMITTEE VOTES AND ROLL CALL VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the Committee advises that the following roll call votes occurred during the Committee’s consideration of H.R. 7066: An amendment in the nature of a substitute, no. 2, offered by Mr. Sherman was AGREED TO by voice vote.

Present	Representatives	Ayes	Nays	Present	Not Recorded	Committee on Financial Services																		
		0	0	0	0	Full Committee - 117th Congress (1st Session)																		
<i>Passed on Voice Vote</i>																								
	Ms. Waters, <i>Chairwoman</i>					Date:	3/17/2022																	
	Mrs. Maloney					Measure:	H.R. 7066																	
	Ms. Velázquez					Amendment No.:	2																	
	Mr. Sherman					Offered by:	Sherman																	
	Mr. Meeks					<table border="1"> <thead> <tr> <th></th> <th>Yea/Aye</th> <th>No/Nay</th> <th>Present</th> </tr> </thead> <tbody> <tr> <td>Appeared In</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Spoke/Aye</td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Record Vote</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Yea/Aye	No/Nay	Present	Appeared In	0	0	0	Spoke/Aye	X			Record Vote			
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	Mr. Cleaver																							
	Mr. Perlmutter																							
	Mr. Himes																							
	Mr. Foster																							
	Mrs. Beatty																							
	Mr. Vargas																							
	Mr. Gotthelmer																							
	Mr. Gonzalez (TX)																							
	Mr. Lawson																							
	Mr. San Nicolas																							
	Ms. Axne																							
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	Ms. Dean																							
	Ms. Ocasio-Cortez																							
	Mr. Garcia (IL)																							
	Ms. Garcia (TX)																							
	Ms. Williams																							
	Mr. Auchincloss																							
	<b>Democratic Totals</b>	0	0	0	0	<b>0</b>	<b>30</b>	<b>30</b>																
	Mr. McHenry, <i>Ranking Member</i>																							
	Mrs. Wagner																							
	Mr. Lucas																							
	Mr. Sessions																							
	Mr. Posey																							
	Mr. Luetkemeyer																							
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	Mr. Zeldin																							
	Mr. Loudermilk																							
	Mr. Mooney																							
	Mr. Davidson																							
	Mr. Budd																							
	Mr. Kustoff																							
	Mr. Hollingsworth																							
	Mr. Gonzalez (OH)																							
	Mr. Rose																							
	Mr. Steil																							
	Mr. Gooden																							
	Mr. Timmons																							
	Mr. Taylor																							
	<b>Republican Totals</b>	0	0	0	0	<b>0</b>	<b>23</b>	<b>23</b>																
	<b>Committee Totals</b>	0	0	0	0	<b>0</b>	<b>53</b>	<b>53</b>																

## STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

## STATEMENT OF PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause (3)(c) of rule XIII of the Rules of the House of Representatives, the goals of H.R. 7066 are to clarify that U.S. financial institutions that are obligated to comply with various sanctions against Russia and Belarus, must take all necessary and available actions to ensure that any entity it owns or controls, including any foreign subsidiaries, comply with the sanctions.

## NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974*, and pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, the Committee has requested an estimate from the Director of the Congressional Budget Office. CBO was unable to provide an estimate in a timely manner.

## COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 7066. After careful review, including discussions with the Congressional Budget Office, the Committee estimates that H.R. 7066 would have an insignificant impact on spending.

## UNFUNDED MANDATE STATEMENT

Pursuant to Section 423 of the *Congressional Budget and Impoundment Control Act* (as amended by Section 101(a)(2) of the *Unfunded Mandates Reform Act*, Pub. L. 104-4), the Committee adopts as its own the estimate of federal mandates regarding H.R. 7066, as amended prepared by the Director of the Congressional Budget Office.

## ADVISORY COMMITTEE

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

## APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Pursuant to section 102(b)(3) of the *Congressional Accountability Act*, Pub. L. No. 104-1, H.R. 7066, as amended, does not apply to terms and conditions of employment or to access to public services or accommodations within the legislative branch.

## EARMARK STATEMENT

In accordance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 7066 does not contain any congressional

earmarks, limited tax benefits, or limited tariff benefits as described in clauses 9(e), 9(f), and 9(g) of rule XXI.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of H.R. 7066 establishes or reauthorizes a program of the Federal Government known to be duplicative of another federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

