

RUSSIA AND BELARUS FINANCIAL SANCTIONS ACT OF
2023

DECEMBER 13, 2023.—Committed to the Committee of the Whole House on the State
of the Union ordered to be printed

Mr. MCHENRY, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 5512]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 5512) 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.

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 2023”.

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

Introduced on September 14, 2023, by Representative Brad Sherman, H.R. 5512, the *Russia and Belarus Financial Sanctions Act*, would require a U.S. financial institution to ensure any entity or person owned or controlled by such institution complies with U.S. financial sanctions applicable to Russia or Belarus to the same extent required of that institution.

BACKGROUND AND NEED FOR LEGISLATION

U.S. financial institutions are already prohibited from engaging in transactions with sanctioned Russian entities, the number of which has grown dramatically since Russia’s invasion of Ukraine in February 2022. This legislation would extend the prohibition to entities owned or controlled by the U.S. financial institution.

This bill extends financial institutions’ compliance programs to these affiliates, to the extent they do not already cover them. Congress has enacted similar extensions in other sanctions efforts, such as those targeting North Korea. Closing financial loopholes for Russia and Belarus is an appropriate response to the war in Ukraine.

HEARING

Pursuant to clause 3(c)(6) of rule XIII, the following hearing was used to develop H.R. 5512: The Subcommittee on National Security, Illicit Finance, and International Financial Institutions of the Committee on Financial Services held a hearing on April 27, 2023, titled “Oversight of the Financial Crimes Enforcement Network (FinCEN) and the Office of Terrorism and Financial Intelligence (TFI).”

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on September 20, 2023, and ordered H.R. 5512 to be reported favorably to the House as amended by a recorded vote of 47 ayes to 0 nays (Record vote no. FC–104), a quorum being present. Before the question was called to order the bill favorably reported, the Com-

mittee adopted an amendment in the nature of a substitute offered by Mr. Sherman by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the order to report legislation and amendments thereto. H.R. 5512 was ordered reported favorably to the House as amended by a recorded vote of 47 ayes to 0 nays (Record vote no. FC-104), a quorum being present.

Record vote no. FC- 104

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. McHenry	X	—	—	Ms. Waters	X	—	—
Mr. Hill	X	—	—	Mrs. Velázquez	—	—	—
Mr. Lucas	—	—	—	Mr. Sherman	X	—	—
Mr. Sessions	X	—	—	Mr. Meeks	X	—	—
Mr. Posey	X	—	—	Mr. Scott	X	—	—
Mr. Luetkemeyer	X	—	—	Mr. Lynch	X	—	—
Mr. Huizenga	X	—	—	Mr. Green	X	—	—
Mrs. Wagner	X	—	—	Mr. Cleaver	X	—	—
Mr. Barr	X	—	—	Mr. Himes	X	—	—
Mr. Williams (TX)	X	—	—	Mr. Foster	X	—	—
Mr. Emmer	X	—	—	Mrs. Beatty	X	—	—
Mr. Loudermilk	X	—	—	Mr. Vargas	X	—	—
Mr. Mooney	X	—	—	Mr. Gottheimer	X	—	—
Mr. Davidson	X	—	—	Mr. Gonzalez	X	—	—
Mr. Rose	X	—	—	Mr. Casten	X	—	—
Mr. Steil	X	—	—	Ms. Pressley	X	—	—
Mr. Timmons	X	—	—	Mr. Horsford	—	—	—
Mr. Norman	—	—	—	Ms. Tlaib	X	—	—
Mr. Meuser	X	—	—	Mr. Torres	—	—	—
Mr. Fitzgerald	X	—	—	Ms. Garcia	X	—	—
Mr. Garbarino	X	—	—	Ms. Williams (GA)	X	—	—
Mrs. Kim	X	—	—	Mr. Nickel	X	—	—
Mr. Donalds	X	—	—	Ms. Pettersen	X	—	—
Mr. Flood	X	—	—				
Mr. Lawler	X	—	—				
Mr. Nunn	X	—	—				
Ms. De La Cruz	X	—	—				
Mrs. Houchin	X	—	—				
Mr. Ogles	X	—	—				

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 5512 is to require a U.S. financial institution to ensure any entity or person owned or controlled by such institution complies with U.S. financial sanctions applicable to Russia or Belarus to the same extent required of that institution.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

H.R. 5512, Russia and Belarus Financial Sanctions Act of 2023			
As ordered reported by the House Committee on Financial Services on September 20, 2023			
By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	0	0	0
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	< \$2.5 billion	Statutory pay-as-you-go procedures apply? Yes	
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold
* = between -\$500,000 and \$500,000.			

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1973.

FEDERAL MANDATES STATEMENT

Pursuant to section 423 of the Unfunded Mandates Reform Act, the Committee adopts as its own the estimate of the Federal mandates prepared by the Director of the Congressional Budget Office.

ADVISORY COMMITTEE STATEMENT

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

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

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 the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This Act may be cited as the “Russia and Belarus Financial Sanctions Act of 2023”.

Section 2. Requirements

Section 2 requires that a U.S. financial institution ensures that any entity or person owned or controlled by such institution complies with U.S. financial sanctions applicable to Russia or Belarus to the same extent required of that institution. Section 2 further covers the provisions, penalties, and definition of a U.S. financial institution for the purposes of this legislation.

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Committee on Agriculture
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December 5, 2023

The Honorable Patrick McHenry, Chairman
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

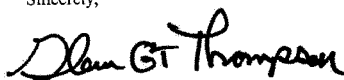
Dear Mr. Chairman:

This letter confirms our mutual understanding regarding H.R. 5512, the "Russia and Belarus Financial Sanctions Act of 2023". Thank you for collaborating with the Committee on Agriculture on the matters within our jurisdiction.

The Committee on Agriculture will forego any further consideration of this bill. However, by foregoing consideration at this time, we do not waive any jurisdiction over any subject matter contained in this or similar legislation. The Committee on Agriculture also reserves the right to seek appointment of an appropriate number of conferees should it become necessary and ask that you support such a request.

We would appreciate a response to this letter confirming this understanding with respect to H.R. 5512 and request a copy of our letters on this matter be published in the Congressional Record during Floor consideration.

Sincerely,



Glenn "GT" Thompson
Chairman

Cc: The Honorable David Scott, Ranking Member, Committee on Agriculture
The Honorable Maxine Waters, Ranking Member, Committee on Financial Services
The Honorable Mike Johnson, Speaker of the House
The Honorable Jason Smith, Parliamentarian, U.S. House of Representatives

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United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

December 5, 2023

The Honorable Glenn "GT" Thompson
Chairman
Committee on Agriculture
U.S. House of Representatives
1301 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Thompson:

Thank you for agreeing to be discharged from further consideration of H.R. 5512, the *Russia and Belarus Financial Sanctions Act of 2023*, so that it may proceed expeditiously to the House Floor. I agree that by foregoing consideration of H.R. 5512 at this time, you do not waive any jurisdiction over the subject matter contained in this or similar legislation, and that you will be appropriately consulted and involved on this or similar legislation as it moves forward.

As discussed, I will seek to place a copy of our exchange of letters on this bill in the *Congressional Record* during floor consideration thereof.

Sincerely,

Patrick McHenry
Chairman
Committee on Financial Services

cc: The Honorable Maxine Waters, Ranking Member, Committee on Financial Services
The Honorable David Scott, Ranking Member, Committee on Agriculture
The Honorable Mike Johnson, Speaker of the House
The Honorable Jason Smith, Parliamentarian

