

Ms. Andrea M. Gacki
Director
Office of Foreign Assets Control
U.S. Department of the Treasury
Treasury Annex
1500 Pennsylvania Avenue, NW
Washington, DC 20220
The United States of America

24 March 2022

Dear Ms. Gacki,

On February 24, 2022 Otkritie Broker Group (Otkritie Broker Joint Stock Company, hereinafter referred to as the Company) was added to OFAC's list of Specially Designated Nationals list (SDN List) pursuant to E.O.14024. In the SDN list it is mentioned as:

OTKRITIE BROKER GROUP (Cyrillic: ГРУППА ОТКРЫТИЕ БРОКЕР) (a.k.a. AKTSIONERNOE OBSHCHESTVO OTKRYTIE BROKER; a.k.a. AO OTKRYTIE BROKER), ul. Letnikovskaya, d. 2, str. 4, Moscow 115114, Russia; Organization Established Date 28 Dec 1995; Tax ID No. 7710170659 (Russia); Registration Number 1027739704772 (Russia) [RUSSIA-EO14024] (Linked To: PUBLIC JOINT STOCK COMPANY BANK FINANCIAL CORPORATION OTKRITIE).

With the inclusion in the SDN List the Company became subject to special treatment.

Under the General License No.11 on Authorizing the Wind Down of Transactions Involving Certain Blocked Persons except as provided in paragraph (b) of the General License No.11, it is permitted to execute all transactions prohibited by Executive Order (E.O.) 14024 that are ordinarily incident and necessary to the wind down of transactions involving one or more of the blocked persons, mentioned in the General License No.11. The General License No. 11 was granted by OFAC until 12:01 a.m. eastern daylight time, March 26, 2022.

Paragraph (1) of the General License No.11 includes Public Joint Stock Company Bank Financial Corporation Otkritie.

Paragraph (4) of the General License No.11 includes any entity in which one or more of the above persons own, directly or indirectly, individually or in the aggregate, a 50 percent of greater interest. The Company falls under Paragraph (4) of the General License No.11.

In accordance with the General License No.11 the Company, acting in the best interests of its clients, is committed to helping clients not added to SDN List transfer their assets to other financial institutions or helping clients to sell the assets they hold in their portfolios with the Company and then return the assets in cash to clients not added to SDN List.

While providing services to its clients the Company holds their assets in nominee accounts with other depositories. Securities issued under the regulation of the United States are held through a number of nominee accounts with Depository Trust Corporation (U.S. financial institution in the meaning of paragraph 587.315 CFR), JPMorgan Chase Bank (U.S. financial institution), Euroclear Bank SA/NV (Euroclear Bank Settlement Operations, non-U.S. financial institution, hereinafter referred to as Euroclear).

Acting in the best interests of its clients, Euroclear, operating as a bridge settlement entity, has made it compulsory for all clients, both subject to sanctions and non-sanctioned, to send an MT599 attestation requirement¹. The introduction of this requirement helps Euroclear to reach full transparency of all the transactions and to confirm that specific transactions do not breach any of sanctions.

As it was noted above Euroclear provides settlement services for its clients with securities issued under the regulation of the United States as well as with securities being held by U.S. financial institutions in the meaning of paragraph 587.315 CFR. Euroclear analyzes specific transactions whether these transactions could breach the prohibitions set by Executive Order (E.O.) 14024 taking into account the General License No.11.

At the same time due to a huge number of instructions it was operationally impossible for Euroclear to process all the settlement instructions sent by its Russian clients (counterparties), both included in SDN List and not included. As a result, many transactions in Euroclear involving Russian clients (counterparties) which are depositories (financial institutions) holding nominee accounts of the Company, acting in the interests of its non-sanctioned clients, were not executed, including transactions on transfer of securities issued under the regulation of United States.

It is clear to the Company that given Euroclear had more time to analyze MT 599 attestations for the transactions more clients who are non-sanctioned could have their securities issued under the regulation of the United States withdrawn from the accounts held with the Company. At the same time withdrawal of assets from accounts held with the Company is helping all the depositories holding nominee accounts of the Company or nominee accounts of depositories which hold nominee accounts of the Company to wind down direct and indirect (through other institutions holding nominee accounts) relations with the Company.

According to paragraph 501.801 (a) CFR it is the policy of OFAC not to grant applications for specific licenses authorizing transactions to which the provisions of a general license are applicable.

In this context considering the fact that General License No.11 expires at 12:01 a.m. eastern daylight time, March 26, 2022, the Company would like to address this letter to you to kindly request that consideration be given to granting after expiration of General License No.11:

a specific license on transactions prohibited by Executive Order (E.O.) 14024 that are ordinarily incident and necessary to the wind down of transactions with securities issued under the regulation of the United States involving the Company, authorizing U.S. financial

¹ <https://www.euroclear.com/content/dam/euroclear/operational-public/eb/newsletters/2022/2022-N-023.pdf>

institutions in the meaning of paragraph 587.315 CFR to execute these transactions with securities issued under the regulation of the United States given they are incident and necessary to the wind down of transactions involving the Company.

The Company kindly requests that consideration be given to granting the above specific license for the period of 30 days.

We thank you for your attention and for taking concerns raised in this letter.

Otkritie Broker Group (Otkritie Broker Joint Stock Company) remains open to further discussing these issues with OFAC any time OFAC needs any comments.

Otkritie Broker Group (Otkritie Broker Joint Stock Company)