

Lindsey Graham Act Expands U.S. Sanctions and Tariff Authorities Targeting Russia

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Introduction

On September 18, 2026, President Trump signed into law the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 (the “Act”), which codifies and expands existing U.S. sanctions against Russia, including by authorizing new designation grounds and providing tariff authorities.¹

The Act reflects a bipartisan effort to increase economic pressure on Russia and appears organized around several themes: codifying the existing U.S. sanctions regime targeting Russia, broadening designation authorities (including secondary sanctions) and introducing new tariff authorities, with a particular emphasis on Russian energy exports.

The President retains significant discretion regarding the application of these new authorities and, moreover, the Act provides broad presidential authority to waive application of any sanctions or tariffs mandated by the Act. The Act’s codification of existing Russia-related sanctions and related designations may have practical implications, as it appears effectively to freeze in place many actions already taken against Russia until a peace agreement with Ukraine is reached.

Many provisions of the Act become effective or require presidential or agency action within 30 days after enactment (i.e., by October 19, 2026), and questions of scope and implementation regarding many measures remain unresolved. Accordingly, we continue to look for related action and guidance from the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”), the U.S. Securities and Exchange Commission (“SEC”), the Office of the U.S. Trade Representative (“USTR”) and other agencies. The Russia-related provisions of the Act terminate five years after the date of enactment.

¹ Pub. L. 119–111 (Sept. 18, 2026), available [here](#).

The Act also extends the Iran Sanctions Act, which had been set to sunset in 2026, by five years to 2031. The Iran Sanctions Act authorizes certain sanctions against persons dealing with sectors of the Iranian economy and contributing to its weapons development.

Below, we first discuss the Act's new designation authorities and codification of existing restrictions before turning to the exceptions and waiver authorities that may mitigate the Act's restrictions, the Act's termination mechanism and key compliance considerations arising from the Act.

New and Expanded Measures

The Act introduces new sanctions and tariff authorities that may raise meaningful risk considerations for companies continuing commercial dealings with Russia or Russian counterparties. The Act expands a number of existing sanctions concepts by broadening the categories of persons, transactions, ownership relationships or conduct that may trigger sanctions or other restrictions.

New Designation Authorities (Section 102)

Section 102 directs the President to impose blocking sanctions—and, for individuals, visa and admission restrictions—on persons determined to fall within any number of new designation criteria. Specifically, the President is directed, by October 19, 2026, and every 180 days thereafter, to review persons and entities targeted by the law for possible sanctions.

Some designation criteria target Russia's military-industrial sector by authorizing U.S. sanctions for, among other activities, the knowing sale, lease or provision, or the knowing facilitation of the same,² by any non-U.S. person of goods or services "relating to" Russia's defense industrial base or being a senior officer or board member of, or principal shareholder with a controlling or majority interest in, an entity operating in Russia's defense industrial base or energy or transportation sectors in support of Russia's Armed Forces.³

² The Act imposes a constructive knowledge standard for purposes of all conduct, circumstances and results addressed in the Act. See Section 101(8) (defining "knowingly" and related terms to mean that a person had actual knowledge or "should have known" of the relevant conduct, circumstance or result).

³ See Section 102(b)(2)(A), (E). In FAQ 1151, OFAC defines "Russia's military-industrial base" as any person blocked under Executive Order ("E.O.") 14024 and any person operating in identified sectors of the Russian economy, including the defense, energy, financial services, metals and mining and technology sectors (*see also*

Other designation criteria target (i) Russia's shipping industry, going beyond the so-called "shadow fleet" and its supporters to target any non-U.S. vessel determined to transport a range of Russian energy products, as well as other vessels engaging in ship-to-ship transfers with, or providing services to, such transport vessels (regardless of whether the transport vessels have yet been sanctioned by U.S. authorities);⁴ (ii) circumvention networks, including any person determined to be complicit in dealings that circumvent U.S. sanctions;⁵ (iii) participants in certain Russian energy or Arctic projects;⁶ and (iv) support for Russia's armed forces or military campaign in Ukraine.⁷

A notable new designation criterion appears to cover any non-U.S. person that receives property or an interest in property from a "sanctioned person," either after that person's designation or prior to that person's designation if the purpose of the transfer was to "attempt to evade the imposition of sanctions."⁸ The provision contains no express significance or materiality threshold, potentially requiring heightened diligence around asset and ownership transfers by persons who are not yet sanctioned but may become sanctioned in the future.

Financial Sanctions (Section 103)

By October 19, 2026, Section 103 requires blocking and "menu" sanctions against Sberbank, VTB Bank, Gazprombank and any other Russian financial institutions owned in whole or in part by the Russian government, as well as these financial institutions' senior leaders, board members, controlling or majority shareholders, subsidiaries and successors.

Notably, these blocking sanctions extend to any non-U.S. financial institution conducting significant transactions with the Russian financial institutions captured by Section 103 (i.e., those affiliated with the Russian government), unless the Treasury Secretary determines that such sanctions are not consistent with the economic or foreign policy interests of the United States.

Non-U.S. financial institutions already face meaningful Russia-related secondary sanctions exposure under E.O. 14024, as amended by E.O. 14114. Under that framework, OFAC may impose blocking sanctions or restrictions on access to U.S. correspondent or

FAQ 1126). It is not yet clear whether OFAC will apply this same definition to references in the Act to Russia's "defense industrial base."

⁴ Section 102(b)(5). Sanctions imposed by the UK, EU, G7 or a Five Eyes member may serve as prima facie evidence that a vessel engages in activities sanctionable under the Act.

⁵ Section 102(b)(2)(G)(iv).

⁶ Section 102(b)(2)(H).

⁷ Section 102(b)(2)(C)-(E).

⁸ Section 102(b)(7).

payable-through accounts (“CAPTA” sanctions) on a non-U.S. financial institution for conducting significant transactions, or providing any service, “involving” Russia’s military-industrial base, which is defined to include all persons blocked pursuant to E.O. 14024. The Russian banks noted above, along with many others, have previously been designated under E.O. 14024.

Section 103 also requires further sanctions against the Central Bank of Russia, its senior leaders, board members, controlling or majority shareholders, subsidiaries and successors, up to (but not mandating) blocking sanctions. This supplements Directive 4 under E.O. 14024, which already broadly restricts U.S.-person transactions involving the Central Bank of Russia.

Expanded Russian Government Sanctions (Section 104)

Section 104 directs the President, by October 19, 2026, and every 180 days thereafter, to review certain entities and impose blocking sanctions on those determined to be controlled or majority-owned by, or “otherwise affiliated” with, the Russian government. The Act does not define “control” or “affiliation” for this purpose.

Funds-Transfer Prohibition for Banks and Broker-Dealers (Section 105)

Beginning October 19, 2026, U.S. depository institutions and SEC-registered broker-dealers may not process funds transfers to or from the Russian government, including government-owned entities, or for the direct or indirect benefit of Russian government officials. This prohibition does not apply to transfers arising from, and ordinarily incident and necessary to effect, a transaction authorized by specific or general license.

An SEC-Administered Trading Prohibition (Section 106)

By October 19, 2026, the SEC must prohibit trading on U.S. national securities exchanges in securities issued by entities controlled or majority-owned by, or “otherwise affiliated” with, the Russian government. As with Section 104, the Act does not define control or affiliation for this purpose, and it remains to be seen how the SEC will implement this provision (or whether the provision will have practical impact given the restrictions already in place with respect to securities issued by sanctioned Russian issuers or held through custodial chains involving sanctioned Russian financial infrastructure entities).

Restrictions on U.S. Energy Exports and Russian Energy-Sector Support (Section 108)

Effective October 19, 2026, Section 108 prohibits the export, reexport or in-country transfer to or in Russia of U.S.-produced energy or energy products. This is an example of so-called “commodity jurisdiction” whereby U.S. law exercises jurisdiction over the

U.S.-origin items, regardless of where they are located or who is dealing in them. Accordingly, even non-U.S. persons conducting transactions entirely outside the United States and without involvement of U.S. persons are subject to these new export restrictions.

Section 108 also authorizes blocking sanctions and visa restrictions on non-U.S. persons determined to knowingly sell, supply, transfer, market or otherwise provide goods, services, technology or other support for the maintenance or expansion of the production of oil, uranium, natural gas, liquefied natural gas, petroleum, petroleum products, petrochemical products, coal or coal products for use by persons sanctioned under Sections 102 or 103 of the Act.

Sanctions on Financial-Messaging Providers (Section 110)

Section 110 directs the President, by October 19, 2026, and every 180 days thereafter, to review certain entities and impose sanctions on any entity that predominantly engages in the business of providing global financial messaging services and is determined by the Treasury Secretary, in consultation with the State Department, as knowingly being used to circumvent sanctions imposed by the Act. Such sanctions may be waived by the President in specified circumstances. Sanctions may also reach senior leaders, board members and principal shareholders with a controlling or majority interest in such entities.

Tariffs (Sections 112 and 113)

Section 112 requires, by October 19, 2026, duties on all goods imported into the United States from Russia to a rate of up to 500% ad valorem. Many Russian commodities are already subject to U.S. import prohibitions, and this provision extends potentially crushing duties to any goods still being imported. Duties are cumulative, and the statute prescribes no minimum rate.

Within the same timeframe, Section 113 requires duties of up to 100% on all goods imported from any country meeting either of two criteria:

- the country both (a) knowingly made new purchases of Russian-origin crude oil or natural gas on or after October 19, 2026, and (b) ranked among the five largest importers, by volume, of Russian-origin crude oil or natural gas during the 12 months preceding enactment of the Act (i.e., from September 2025 to September 2026) (the “Applicable Period”); or
- the country ranked among the top five “countries facilitating Russian oil sanctions evasion” during the Applicable Period. “Countries facilitating Russian oil sanctions evasion” include those in which foreign persons are located or operating, or under

the laws of which foreign persons are organized, if such foreign persons knowingly engage in activities that circumvent, or facilitate the circumvention of, sanctions related to Russian-origin oil. In other words, a country may be targeted under this tariff measure even if the relevant government is not itself involved in sanctions evasion.

The Act provides a limited exception for countries that import Russian natural gas if (1) the country's Russian natural gas imports were or are less than 15% of Russia's total annual natural gas exports during the Applicable Period and (2) the country has taken significant steps to reduce those imports. No parallel exception applies to Russian crude oil.

The statute identifies no countries; exposure will depend on the government's data and methodology for the relevant reports and exceptions. Under the Act, USTR, in consultation with the State and Energy Secretaries, must reassess the regime within 180 days after the initial tariffs and every 180 days thereafter, identifying the five largest importers by volume of Russian-origin crude oil and natural gas during the 12 months preceding the determination and imposing duties on goods from those countries.

USTR may adjust an imposed tariff to any rate above zero and up to 100% based on significant steps by a covered country to increase, decrease or cease Russian energy purchases. At least 10 days before imposing or modifying a tariff, the President or USTR must provide specified congressional committees with the rationale and methodology. As with Section 112, Section 113 tariffs would apply in addition to other applicable tariffs.

Codification of Existing Measures

Several provisions largely codify or reinforce restrictions already imposed under existing executive orders, statutes or other authorities. Their principal effect may be to place key elements of the current Russia sanctions framework on a statutory footing, meaning that they cannot be unilaterally revoked by the President via executive order (although the Act contains broad waiver authority and a termination process).

Investment and Services Prohibition (Section 107)

Section 107 largely codifies E.O. 14071's prohibition on new investment in Russia by U.S. persons and restrictions on providing certain services identified by the Treasury Secretary from the United States or by U.S. persons to Russia (which categories of services identified by Treasury currently include certain accounting, management consulting, trust and corporate formation, architecture and engineering and IT and

cloud services). Section 107 also codifies restrictions on approving, financing, facilitating or guaranteeing investment and services transactions by a non-U.S. person that would be prohibited for a U.S. person to engage in directly.

Prohibition on Investment in Russian Energy Sector (Section 108)

Section 108 prohibits new U.S.-person investment in Russia's energy sector, codifying restrictions already imposed by E.O. 14066 and E.O. 14071.

Sovereign Debt Purchase Prohibition (Section 109)

Upon enactment, Section 109 prohibits U.S. persons from purchasing Russian sovereign debt. Existing restrictions under Directive 1A under E.O. 14024 and E.O. 14071 already restrict purchases of Russian sovereign debt.

Uranium Import Restrictions (Section 111)

Section 111 directs the President to implement the USEC Privatization Act's prohibition on imports of unirradiated low-enriched uranium produced in Russia or by a Russian entity, including uranium obtained through exchanges, swaps or similar circumvention arrangements. The provision expressly includes uranium from Rosatom State Atomic Energy Corporation and its subsidiaries and successor entities ("Rosatom"). In addition, beginning January 1, 2028, and every 180 days thereafter, Section 111 requires blocking sanctions and visa restrictions on senior leaders, board members and controlling or majority shareholders of Rosatom.

These measures operate alongside OFAC's civil-nuclear licensing framework, including General License 115D for certain transactions supporting qualifying civil nuclear projects initiated or under construction as of November 21, 2024, subject to its limitations.

Pursuant to Section 114(e) and (d), the Act preserves specified low-enriched uranium imports covered by statutory waivers and excludes activities conducted under the U.S.-Russia Section 123 civil nuclear cooperation agreement.

Exceptions and Waivers (Sections 114 and 115)

The Act preserves flexibility for the President through a series of exceptions, exclusions and waiver authorities that may mitigate the impact of the new restrictions.

Key exceptions are set out in Section 114 and include:

- A 270-day wind-down and divestiture period covering (i) activities related to wind-down or divestiture of non-Russian-owned entities in Russia and (ii) U.S.-owned or -controlled entities in Russia if the U.S. person is engaged in good faith efforts to wind down or divest (including providing relevant operational support).
- Activities related to humanitarian assistance and specified food, medicine and medical devices; U.S. intelligence and law enforcement; civilian nuclear cooperation and low-enriched uranium imports (as described above); official U.S. government and U.N. business; vessel and crew safety; the National Aeronautics and Space Administration; and environmental protection related to sanctioned vessels.
- Dealings involving oil originating outside Russia that merely transits Russian territory, and entities transporting that oil to international markets.
- Activities under existing OFAC general licenses.

The Act's waiver authorities are found in Section 115 and provide the President broad authority, subject to congressional reporting, to waive otherwise mandatory sanctions, restrictions or duties under the Act when the President certifies that the waiver is in the national interest of the United States.

Termination (Section 117)

Section 117 permits the termination of any sanctions, restrictions or duties imposed under the Act's authorities after the President makes specified certifications to Congress, including that, for Russian targets, the Russian government has entered a peace agreement accepted by Ukraine and ceased military hostilities and other specified activities, or, for non-Russian targets, that the sanctionable conduct has ceased and will not resume. Termination generally takes effect 30 days after the required report, unless a congressional joint resolution of disapproval has been enacted.

Compliance Considerations

The Act's implementation will depend on agency action, Trump administration implementation approaches and guidance in certain respects. That said, firms may consider certain proactive compliance steps:

- **Assess ownership and affiliation screening.** Consider whether current diligence processes are sufficient to identify persons "affiliated" with the Russian government.
- **Map exposure to new statutory triggers.** The Act expands sanctionable conduct related to Russia's military-industrial base and energy sector, and businesses, especially those in jurisdictions that maintain commercial relations with Russia, should consider whether existing controls sufficiently mitigate new designation risks.
- **Review maritime and trade exposure.** Confirm that maritime-related activities include appropriate diligence to mitigate expanded designation risks.
- **Assess supply-chain and tariff exposure.** Model potential duties on Russian-origin goods and goods sourced from qualifying third countries, and evaluate sourcing, contractual and contingency plans.
- **Inventory authorizations and monitor implementation.** Identify activity relying on general licenses, waivers or other authorizations. Monitor Treasury, SEC, USTR and other agency actions on affiliation, new sanctions designations, securities trading and tariffs.

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We will continue to monitor and report on material developments as they arise. Please do not hesitate to contact us with any questions.



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