ALERT MEMORANDUM

President Trump Waives Lindsey Graham Act Sanctions, Licenses Russian Diesel Transactions as Russia Expands Countermeasures

November 10, 2026

Over the past two months, the Russia sanctions landscape has undergone several notable changes. While the U.S. sanctions regime has remained largely intact, companies should continue to monitor for potential changes to sanctions and tariffs. On October 16, 2026, President Trump issued an executive order (the Order) waiving the application of nearly all of the Russia-related provisions of the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 (the Act), named for the late Senator Lindsey Graham, who had long championed similar legislation.[1] Signed into law on September 18, 2026, the Act directs the president to impose new sanctions and tariffs on Russia, codifies much of the pre-existing executive-order-based Russia sanctions regime, and extends through 2031 the Iran Sanctions Act of 1996, which authorizes sanctions against non-Iranian persons engaged in certain activities relating to Iran's petroleum and petrochemical sectors or supporting Iran's weapons-of-mass-destruction programs.

If you have any questions concerning this memorandum, please reach out to your regular firm contact or the following authors

WASHINGTON, D.C.

Chase D. Kaniecki
T: +1 202 974 1792
ckaniecki@cgsh.com

Samuel H. Chang
T: +1 202 974 1816
sachang@cgsh.com

Ryan Brown
T: +1 202 974 1746
rybrown@cgsh.com

NEW YORK

Yulia A. Solomakhina
T: +1 212 225 2848
ysolomakhina@cgsh.com

[1] *See* Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, Pub. L. No. 119-111, 140 Stat. 1026 (Sept. 18, 2026), available here; Executive Order 14436, Implementing the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, 91 Fed. Reg. 66627 (Oct. 16, 2026), available here.

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On October 9, 2026, in connection with the announcement by President Trump of an agreement with President Putin to secure Russian-origin diesel fuel, the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC) issued General License 135 (GL 135), authorizing through April 7, 2027 transactions related to the sale, delivery, offloading, or importation of Russian-origin diesel fuel.

In parallel, the Russian government expanded its "temporary administration" countermeasures, placing a new tranche of foreign-owned Russian subsidiaries under state-appointed administration.

I. The Lindsey O. Graham Sanctioning Russia and Iran Act of 2026

The Act's Russia-related measures include, among other things, (i) codification of a substantial portion of the existing Russia sanctions regime administered by OFAC under Executive Order 14024 and the Russian Harmful Foreign Activities Sanctions Regulations at 31 C.F.R. Part 587 (the RHFA Sanctions); (ii) a statutory framework for designating foreign vessels, their owners and operators, insurers, and port facilitators that participate in Russia's "shadow fleet"; (iii) new tariff authorities covering Russian-origin imports and imports from certain third countries that purchase Russian energy or facilitate Russian oil sanctions evasion; and (iv) statutory conditions for terminating any sanctions, restrictions, or tariffs imposed under the Act, including the lifting of individual designations. The Act also establishes specific statutory sanctions and prohibitions directed at Russian government officials and institutions, foreign persons that support Russia's defense industrial base or armed forces, major Russian financial institutions, state-owned entities, and the Russian securities, investment, energy, sovereign debt, and uranium sectors, together with sanctions on international financial messaging systems knowingly used to circumvent sanctions under the Act. The Order, however, invokes the Act's national-interest waiver authority to waive the application of nearly all of these provisions.

The sanctions provisions largely place existing executive-order-based authorities on a statutory footing, with certain limited expansions of substantive scope. By contrast, the two tariff regimes represent genuinely new statutory authorities. Importantly, the Act permits the president to waive, on national-interest grounds, the application of (i) any sanctions provision with respect to a foreign person, (ii) any restriction with respect to a person, or (iii) any duty under the Act. President Trump invoked this authority broadly in the Order, as described below.

A. Statutory Sanctions

Prior to the Act, the U.S. government imposed its Russia sanctions program primarily through a series of executive orders issued under the International Emergency Economic Powers Act (IEEPA), principally, in recent years, Executive Order 14024 and its implementing regulations at 31 C.F.R. Part 587.[2] The president retains effectively unilateral authority to terminate the underlying national emergency of executive orders issued pursuant to IEEPA and the sanctions issued under it. Similar to past Russia sanctions-related legislation, the Act formally curtails that authority and places a significant portion of the RHFA Sanctions program

[2] *See* Executive Order 14024, Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation (Apr. 15, 2021), available here; Russian Harmful Foreign Activities Sanctions Regulations, 31 C.F.R. Part 587, available here. Congress also has enacted certain Russia-related sanctions legislation, under which a number of Executive Order 14024-designated parties are also targeted. *See, e.g.*, Countering America's Adversaries Through Sanctions Act, Pub. L. No. 115-44, tit. II, 131 Stat. 886 (Aug. 2, 2017) (CAATSA) (codifying certain executive-order-based Russia sanctions then in effect, including those implemented in the Ukraine-/Russia-Related Sanctions Regulations, 31 C.F.R. Part 589, and requiring congressional review before the President may terminate or waive them); Ending Importation of Russian Oil Act, Pub. L. No. 117-109, 136 Stat. 1154 (Apr. 8, 2022), codified at 22 U.S.C. § 8923 note (prohibiting the importation into the United States of Russian-origin energy products, subject to a presidential certification and 90-day congressional review termination process); Prohibiting Russian Uranium Imports Act, Pub. L. No. 118-62, 138 Stat. 1019 (May 13, 2024), codified at 42 U.S.C. § 2297h-10a (prohibiting the importation of Russian-origin low-enriched uranium, subject to Department of Energy waivers available through January 1, 2028).

on statutory footing, subject, however, to the president's national-interest waiver authority.

i. Codification of RHFA Sanctions

The Act codifies all sanctions and other measures imposed under any executive order issued to address the national emergency declared in Executive Order 14024, as those measures existed on September 17, 2026 (the day before enactment of the Act), "including with respect to all persons sanctioned under any such Executive Order."[3] The Order waives the application of the codification while expressly preserving the pre-Act RHFA Sanctions and all persons sanctioned under them as of September 17, 2026. As a result, the pre-Act RHFA Sanctions program continues to operate as it did before enactment, with OFAC retaining its authority to designate, delist, and license under Executive Order 14024.

ii. Additional Sanctions and Prohibitions

The Act also establishes a series of specific statutory sanctions and prohibitions that operate alongside the RHFA Sanctions, including:

— Blocking sanctions on persons identified as:

  - senior officials of the Russian government, including the president and prime minister of the Russian Federation and senior military, intelligence, and economic leadership;
  - foreign persons that engage in specified activities (including supplying Russia's defense industrial base, engaging in significant transactions with the Russian armed forces, undermining the government or critical infrastructure of Ukraine, or circumventing U.S. sanctions through deceptive transactions), as well as senior leadership of entities operating in Russia's defense, energy, or transportation sectors in support of Russian armed forces, oligarchs of the Russian Federation, and senior leadership of the Yamal and Arctic liquefied natural gas projects;
  - Sberbank, VTB Bank, Gazprombank, and any other financial institution organized under the laws of the Russian Federation and owned in whole or part by the Russian government; their subsidiaries, successor entities, and senior leadership; and foreign financial institutions that engage in significant transactions with any of them, together with menu-based sanctions on the Russian central bank; and
  - other entities in which the Russian government has a controlling or majority ownership interest or that are otherwise affiliated with the Russian government;

— A prohibition on U.S. depository institutions and broker-dealers registered with the U.S. Securities and Exchange Commission (SEC) from processing transfers of funds to or from the Russian government, including any entity owned by the Russian government, or for the direct or indirect benefit of its officials, except for transfers incident to transactions authorized by an OFAC license;

— An SEC-administered prohibition on the trading on U.S. national securities exchanges of the securities of Russian-government-affiliated issuers;

— Prohibitions on:

  - new investment by U.S. persons in the Russian Federation and the export, reexport, or supply from the United States, or by a U.S. person wherever located, of any category of services identified by the secretary of the treasury (in consultation with the secretary of state) to persons located in the Russian Federation, together with a prohibition on U.S.-person facilitation of foreign-person conduct that otherwise would be prohibited; and
  - new investment by U.S. persons in the Russian energy sector and the export, reexport, or in-country transfer of U.S.-origin

[3] The Act does not codify sanctions imposed under other national emergencies, such as those implemented in the Ukraine-/Russia-Related Sanctions Regulations, 31 C.F.R. Part 589, many of which CAATSA had already codified.

energy or energy products to the Russian Federation, together with blocking sanctions on foreign persons that knowingly provide goods, services, technology, or other support that facilitates the maintenance or expansion of Russian production of oil, uranium, natural gas, liquefied natural gas, petroleum, petroleum products, petrochemical products, coal, or coal products for use by persons sanctioned under certain other provisions of the Act;

— A prohibition on purchases of Russian sovereign debt by U.S. persons;

— Sanctions on international financial messaging systems knowingly used to circumvent sanctions under the Act; and

— Implementation of the existing statutory prohibition on Russian uranium imports, together with blocking sanctions on the senior leadership of Rosatom State Atomic Energy Corporation and its subsidiaries and successor entities.

The Order waives the application of each of the sanctions and prohibitions described above. Most of these measures remain available to OFAC under the pre-Act RHFA Sanctions, which the Order expressly preserves.

B. Shadow Fleet Designation Authorities

The Act establishes a statutory framework targeting Russia's so-called "shadow fleet," a network of tankers, intermediaries, insurers, and ancillary service providers deemed to circumvent sanctions imposed by the United States and its allies, including the Price Cap Coalition oil price cap. OFAC has designated shadow-fleet participants under Executive Order 14024 for several years, and the Act largely codifies, and in certain respects expands, that existing authority. The Act directs the president to review periodically and determine whether specified categories of persons and vessels satisfy the applicable statutory criteria and, where they do, impose blocking sanctions and identify covered vessels as blocked property.

The Act's designation requirements are broad and include:[4]

— Foreign vessels used by the Russian government or Russian persons to move energy, arms, or other goods in evasion of U.S. or allied sanctions, including through unsafe or nonstandard maritime practices, inadequate maritime insurance, or evasion of the Price Cap Coalition oil price cap;

— Foreign persons that knowingly own, operate, manage, underwrite, insure, or reinsure those vessels, serve as captain or senior crew, or transfer vessels designed for Russian-origin energy transport to the Russian Federation or Russian persons;

— Foreign vessels that knowingly transport Russian-origin energy or coal products, conduct ship-to-ship transfers of those commodities with U.S.-sanctioned vessels, or provide services to vessels engaged in that transport; and

— Foreign persons that own or operate foreign ports allowing U.S.-sanctioned Russia-related vessels to port or receive services.

Further, the Act also authorizes the designation of persons who receive property from a sanctioned person, where the transfer occurs after the transferor's designation or before, if designed to evade the impact of designation.

Although the Order waives the application of these designation authorities, OFAC's authority to designate shadow-fleet vessels and related service providers under Executive Order 14024 remains in force.

C. Tariff Authorities

The Act establishes two new tariff authorities applicable to Russian-origin goods and to imports from certain third countries deemed to support Russian energy exports or oil sanctions evasion. On

[4] The Act also permits the President to treat sanctions imposed on a vessel by the United Kingdom, the European Union, the Group of Seven, or a member of the Five Eyes intelligence alliance as prima facie evidence that the vessel falls within the shadow-fleet designation criteria, which may further align allied sanctions regimes.

October 16, 2026, the Order imposed the tariffs the Act requires and, in the same instrument, waived their application pending further determination by the president or the secretary of state. The Order also delegates to the U.S. Trade Representative (USTR), in consultation with the secretaries of state, treasury, and energy, ongoing monitoring and determination responsibilities for the Act's third-country tariff provisions. The tariff authorities are therefore in statutory force, but no duty currently is being assessed under them.

i. Tariffs on Russian-Origin Goods

The Act requires the president, by October 18, 2026, to increase the duty rate for all goods imported from Russia to a rate of up to 500% ad valorem, which gives the president discretion to set the applicable rate within that range. These duties are additive, applying in addition to any other duties, taxes, fees, or exactions otherwise applicable to the imported goods (including sections 122, 201, and 301 duties under the Trade Act of 1974, section 232 duties under the Trade Expansion Act of 1962, and antidumping and countervailing duties). The Order increased the rate of duty under this authority by 500% ad valorem, the maximum permitted by the Act.

ii. Tariffs on Imports From Certain Third Countries

The Act also requires the president, by the same date, to impose tariffs of up to 100% ad valorem on all goods imported from any country determined to be: (i) among the five largest importers by total volume of Russian-origin crude oil or natural gas during the 12 months preceding September 18, 2026, and that has knowingly made new purchases of that crude oil or natural gas on or after October 18, 2026; or (ii) among the five largest facilitators of Russian oil sanctions evasion during the same 12-month period. The Act does not identify the covered countries. The Order delegates the initial determinations to USTR, and the Act directs USTR to update the top-five lists of Russian-origin crude oil and natural gas importers (in consultation with the secretaries of state and energy) 180 days after the initial imposition, and at 180-day intervals. Importantly, the tariff applies to all goods imported from the covered country, not merely to goods with any direct Russia nexus. USTR must modify or adjust the applicable duty rate (within a range greater than 0% and up to 100%) upon submitting a written determination that a country has taken significant steps to increase or decrease purchases of Russian-origin crude oil or natural gas. The Order increased the rate of duty under this authority by 100% ad valorem, the maximum permitted by the Act, applicable to the countries that USTR identifies as the top five importers of Russian-origin crude oil or natural gas and the top five facilitators of Russian oil sanctions evasion.

iii. Natural Gas Exemption

The Act provides a targeted exemption for a country that otherwise would be subject to the third-country tariffs on the basis of its Russian natural gas imports if (i) those imports accounted for less than 15% of total Russian natural gas exports during the relevant 12-month period and (ii) the country has taken significant steps to reduce them. The exemption, which appears designed to accommodate certain gas-dependent European jurisdictions, does not extend to a country subject to the tariffs on the basis of crude oil imports or facilitation of sanctions evasion.

D. Waivers and Termination

i. Certification and Termination

The Act permits the president to terminate any sanctions, restrictions, or duties under the Act only upon satisfying specified certification requirements and a congressional review period. Before terminating any measure under this authority, the president must submit to Congress a report certifying:

- For sanctions, restrictions, or duties on the Russian Federation or a Russian person, that the Russian Federation has signed a peace agreement accepted by the free and independent Government of Ukraine and has ceased all military hostilities and activities to overthrow, dismantle, or subvert that Government; or
- For sanctions, restrictions, or duties on any other foreign person or country, that the person or country has ceased the sanctionable activity and that the president has received reliable assurances against the recurrence of that activity. A joint resolution of disapproval enacted during

the applicable congressional review period would prevent the proposed termination from taking effect.[5]

The Order waives the application of this termination process pending further determination by the president or the secretary of state.

ii. Waivers, Exceptions, and OFAC Licensing

The Order invokes the President's authority under the Act to waive, on national-interest grounds, the application of (i) any sanctions provision with respect to a foreign person, (ii) any restriction with respect to a person, or (iii) any duty under the Act. As described above, the Order waives nearly all of the Act's operative provisions.

The Act also preserves a set of standard exceptions that the Order does not waive and that remain in force. These include, among others, a 270-day winddown period for existing operations and a carveout for non-Russian-origin oil transiting Russian territory.

The Act likewise preserves OFAC general licenses issued before September 18, 2026 and OFAC's authority to extend them or issue new general licenses, and the Order does not affect OFAC's authority to issue general and specific licenses under the RHFA Sanctions.

The Act's Russia-related provisions expire on September 18, 2031, unless renewed by Congress.

II. Executive Implementation and General License 135

In the weeks following enactment of the Act, the executive branch took actions that in practice have eased certain Russia sanctions and limited the Act's effect: the issuance of GL 135 in connection with an announced U.S.–Russia agreement on Russian-origin diesel fuel, and the issuance of the Order waiving nearly all of the Act's operative provisions.

A. OFAC General License 135

On October 9, 2026, President Trump announced an agreement with President Putin to secure Russian-origin diesel fuel. OFAC that day issued GL 135, authorizing through April 7, 2027 transactions related to the sale, delivery, offloading, or importation of Russian-origin diesel fuel that otherwise would be prohibited under the RHFA Sanctions and the Ukraine-/Russia-Related Sanctions Regulations, 31 C.F.R. Part 589.[6] The authorization in GL 135 is limited to diesel fuel and does not include crude oil or other petroleum, petrochemical, or coal products. GL 135 has raised questions about its consistency with the Ending Importation of Russian Oil Act, which prohibits the importation of Russian-origin energy products into the United States and permits termination of that prohibition only through a presidential certification and congressional review process. On November 2, 2026, for example, New Jersey Governor Mikie Sherrill notified port and terminal operators in the state that offloading Russian-origin diesel could expose them to civil and criminal penalties, notwithstanding GL 135.[7] House members of both parties also have introduced legislation that would, among other things, revoke GL 135 and restrict OFAC's ability to authorize imports of Russian-origin energy products.[8]

B. Executive Order 14436

On October 16, 2026, the president issued the Order, which implements the Act's tariff authorities and, in the same instrument, invokes the Act's national-interest waiver authority to waive the application of those tariffs along with nearly all of the Act's substantive sanctions, restrictions, and termination provisions. The Order thus satisfies the Act's

5 The congressional review period is 30 calendar days generally, during which Congress may consider a joint resolution of disapproval under expedited procedures.

6 OFAC General License No. 135, Authorizing Transactions Related to the Sale, Delivery, Offloading, and Importation of Diesel Fuel of Russian Federation Origin (Oct. 9, 2026), available here.

7 Letter from Mikie Sherrill, Governor of New Jersey, to the Port and Terminal Operators of New Jersey (Nov. 2, 2026), available here.

8 *See, e.g.*, Prohibit Corrupt Russia Oil Deals Act, H.R. 10828, 119th Cong. (2026), available here; Ronald Reagan Peace Through Strength Act of 2026, H.R. 10866, 119th Cong. (2026), available here.

October 18, 2026 implementation deadlines while rendering the operative measures inapplicable pending further determination by the president or the secretary of state.

Although the Order waives the codification of the pre-Act RHFA Sanctions, it expressly preserves those sanctions and all persons designated under them as of September 17, 2026. The waivers continue in effect until the president or the secretary of state, in consultation with the secretary of the treasury and USTR as appropriate, determines that further action is appropriate, which could occur at any time and would reactivate the Act's operative provisions.

The Order delegates implementing authority under the Act to the secretaries of state, treasury, and energy, and to USTR, generally in consultation with one another (and, for the uranium import provisions, the secretary of commerce). Among other things, the Order delegates the president's waiver authority to the secretary of state and the ongoing monitoring and determination responsibilities under the third-country tariff provisions to USTR.

Like GL 135, the Order drew objections from members of Congress of both parties.[9] The Order also raises a question about whether the Act's waiver authority, which refers to sanctions and restrictions "with respect to" a person, supports a categorical waiver of the Act's sanctions provisions and its termination process.

III. Russian Countermeasures

In recent weeks, the Russian government has expanded its use of "temporary administration" countermeasures against the Russian assets of "unfriendly" investors. On September 17, 2026, Russian President Vladimir Putin issued a presidential decree extending the regime to Russian subsidiaries of four European groups operating in the consumer goods, retail, and logistics sectors of the Russian economy.[10] Since then, the Russian government has brought the Russian businesses of eight more foreign groups under the regime, most recently Japan Tobacco International on November 5, 2026. According to press reports, a Russian beverage producer has asked the Russian president to impose temporary administration on the Russian subsidiary of Coca-Cola HBC.[11] According to other press reports, of the 20 foreign-owned businesses placed under temporary administration between January 2025 and October 2026, only three were "linked to the US," and the remainder were controlled by European companies.[12]

Presidential Decree No. 302 of April 25, 2023, as amended, which the Russian government has invoked repeatedly since its adoption, authorizes the placement of Russian-based assets of persons from "unfriendly" states (a designation that encompasses the United States, European Union member states, the United Kingdom, Switzerland, Japan, and other countries that have imposed sanctions against Russia) under the control of a Russian-government-appointed administrator. The administrator exercises operational control over the assets, including shareholders' rights, if those assets are shares in a Russian subsidiary of an "unfriendly" investor, while legal title to the assets remains with the foreign owner. As a first step, the administrator typically appoints its own candidate as chief executive officer of the Russian subsidiary, which gives the administrator unrestricted access to the subsidiary's assets and full operational control, including

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9 *See, e.g.*, Trump Faces Bipartisan Backlash Over Waiving Russia Sanctions, CBS News (Oct. 20, 2026), available here (reporting objections to the waiver from, among others, Republican Senators Thom Tillis and John Cornyn, Republican Representative Don Bacon, Senate Minority Leader Chuck Schumer, and Representative Gregory Meeks, the ranking Democrat on the House Foreign Affairs Committee).

10 Decree of the President of the Russian Federation No. 661 of September 17, 2026, "On Amendments to the List of Movable and Immovable Property, Securities, Shares in the Charter (Share) Capital of Russian Legal Entities, and Property Rights, in Respect of Which Temporary Administration Is Introduced, Approved by Decree of the President of the Russian Federation No. 302 of April 25, 2023," available here.

11 *See* Reuters, Bottler Coca-Cola HBC Says No Notification from Russia on Asset Changes (Nov. 5, 2026), available here.

12 *See* Reuters, As Russia Penalises European Firms over Ukraine, US Rivals Largely Spared (Oct. 21, 2026), available here.

authority to enter into transactions on the subsidiary's behalf.

Mirroring the way Western sanctions are presented as indefinite "blocking" or "freezing" measures subject to lifting, the Russian government characterizes the administration regime as temporary, presumably to be lifted when sanctions imposed by "unfriendly" states are removed, or waivable by the Russian president on a case-by-case basis. In practice, the Russian government typically has granted waivers to date where the "unfriendly" shareholder has agreed to sell the assets on terms set by the Russian government.

IV. Practical Takeaways

In light of the Order and the waivers it issued, companies with direct or indirect Russia exposure should consider, among other things, the following implications of the Act and the Order:

— **RHFA Sanctions remain in force**. The Order expressly preserves the pre-Act RHFA Sanctions and all persons sanctioned under them as of September 17, 2026. Companies that structured their Russia compliance programs around the pre-Act RHFA Sanctions can continue to apply that framework for the duration of the waivers. Although the Order waives the Act's shadow-fleet and other designation authorities, the RHFA Sanctions authorize OFAC to designate the same or substantially similar categories of persons and vessels, and OFAC continues to do so. Companies should continue to screen counterparties and monitor OFAC designations, including those relating to shadow-fleet activity.

— **Tariff authorities on hold.** The Order imposed the Act's tariffs on Russian-origin goods and goods from third countries and waived them in the same instrument. Companies with trade exposure to Russian-origin products or countries that are major purchasers or facilitators of Russian energy exports should monitor (i) USTR's determinations and reporting on the top-five importer and facilitator groups, including the 180-day updates to the top-five importer lists, and (ii) any lifting of the tariff waiver, which would reactivate the tariffs.

— **Russian countermeasures.** Companies from "unfriendly" jurisdictions that continue to hold Russian subsidiaries or significant Russian assets, including subsidiaries operating in apparently nonstrategic sectors of the economy, should account for the risk of temporary administration in their risk assessments.

Cleary Gottlieb's Foreign Investment and National Security team continues to monitor developments regarding implementation of the Act, the Order, and related Russian countermeasures and is available to offer guidance on managing the evolving regulatory landscape.

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