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In light of recent geopolitical events, the Treasury’s Office of Foreign Assets Control (OFAC) has announced a list of Russia and Ukraine-related sanctioned entities [Executive Order 13662 Sectoral Sanctions Identifications List]. These sanctions specifically note that U.S. citizens are prohibited from dealing in new equity or new debt with a maturity greater than 30 days.

There are fourteen companies affected by these sanctions – Bank of Moscow, Gazprom, Gazprombank, Gazprom Neft, Lukoil, Novatek, Rosneft, Rostec, Russian Agricultural Bank, Sberbank Russia, Surgutneftegas, Transneft, Vnesheconombank & VTB Bank – potentially impacting Morningstar Fixed Income Indexes and Equity Indexes.

Morningstar Index Committee has determined that bonds from the sanctioned companies which are part of the Index on or before the sanction date will remain in the Index. Moving forward, Morningstar Indexes will not add any additional bonds from the listed sanctioned companies into eligible Indexes until sanctions have been formally lifted.

For Morningstar Equity indexes containing any of the above equities, all corporate actions leading to an increased weight in any holdings of the sanctioned companies will not be implemented. In addition, no new equities from any sanctioned company will be added in future rebalances, until the status is changed.

These actions will be effective as of the imposed sanction date for each company, and will be reflected in the upcoming rebalancing for each Index.

Morningstar Indexes will continue to keep you updated with new information as more becomes available.

To access OFAC’s Executive Order, please click here.

For questions or more information about Morningstar Indexes, please visit our website, or contact us at +1 312 384-3735 or indexes@morningstar.com.