



## **DEPARTMENT OF THE TREASURY**

### **Office of Foreign Assets Control**

#### **31 CFR Part 501**

#### **Reporting, Procedures and Penalties Regulations**

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Interim final rule with request for comments.

**SUMMARY:** The Department of the Treasury's Office of Foreign Assets Control (OFAC) is issuing this interim final rule to amend the Reporting, Procedures and Penalties Regulations (the Regulations) to provide updated instructions and incorporate new requirements for parties filing reports on blocked property, unblocked property, or rejected transactions. In addition, OFAC is revising the licensing procedures section of the Regulations to include information regarding OFAC's electronic license application procedures and to provide additional instructions regarding applications for the release of blocked funds. OFAC also is clarifying the rules governing the availability of information under the Freedom of Information Act (FOIA) for information that is submitted to OFAC pursuant to the Regulations. Finally, OFAC is making numerous technical and conforming edits throughout the Regulations.

**DATES:** This interim final rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Written comments may be submitted on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** You may submit comments by any of the following methods:

*Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions on the website for submitting comments. Refer to Docket Number OFAC-2019-0003.

*Fax:* Attn: Request for Comments (Amendments to OFAC's Reporting, Procedures and Penalties Regulations) 202-622-1759.

*Mail:* Attn: Request for Comments (Amendments to OFAC's Reporting, Procedures and Penalties Regulations), Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Freedman's Bank Building, Washington, DC 20220. Refer to Docket Number OFAC-2019-0003.

*Instructions:* All submissions received must include the agency name and the Federal Register Doc. number that appears at the end of this document. All comments, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Sensitive personal information, such as account numbers or Social Security numbers, should not be included. Comments generally will not be edited to remove any identifying or contact information.

**FOR FURTHER INFORMATION CONTACT:** OFAC: Assistant Director for Licensing, tel.: 202-622-2480, Assistant Director for Regulatory Affairs, tel.: 202-622-4855, Assistant Director for Sanctions Compliance & Evaluation, tel.: 202-622-2490; or the Department of the Treasury's Office of the Chief Counsel (Foreign Assets Control), Office of the General Counsel, tel.: 202-622-2410.

**SUPPLEMENTARY INFORMATION:**

## **Background**

The Regulations set forth standard reporting and recordkeeping requirements and license application and other procedures relevant to the economic sanctions programs administered by OFAC. OFAC is updating six sections of the Regulations.

### *Reports on blocked and unblocked property*

OFAC is revising § 501.603 of the Regulations, which covers reports on blocked property, to provide greater detail regarding the information required to be provided to OFAC in connection with blocking reports and to expand this section to cover reports on the release of property from blocked status (*i.e.*, unblocked property), as well as to make certain technical and conforming changes related thereto. As a general matter, in the past, when a submitter has not provided sufficient information to identify blocked or unblocked property and to determine the authority or authorities under which it was blocked or unblocked, OFAC has requested follow up information from the submitter, sometimes requiring multiple requests. OFAC is expanding the information listed in § 501.603 that is required to be submitted in reports on blocked property in an effort to clarify what information is needed to reduce the need for follow up requests from OFAC and in order to lessen the overall reporting burden for submitters.

*Initial blocking reports.* The expanded instructions for initial blocking reports require submitters to include the following information: (1) the name and address of the person holding the blocked property and a contact person from whom additional information may be obtained; (2) a description of any transaction associated with the blocking, including certain identifying information; (3) the associated sanctions target(s) whose property is blocked or a reference to the relevant written communication from

OFAC if there is no associated target or that target is unknown; (4) a description of the property that is the subject of the blocking and its location; (5) the date the property was blocked; (6) the actual, or if unknown, estimated value of the property in U.S. Dollars; (7) the legal authority or authorities under which the property is blocked and the action taken with respect to the property (*e.g.*, that the property has been deposited into a new or existing blocked, interest-bearing account); and (8) a copy of any payment or transfer instructions or other relevant documentation.

*Annual reports of blocked property.* In the case of annual reports of blocked property, § 501.603 will require submitters to include the following information: (1) the name and address of the person holding the blocked property and a contact from whom additional information may be obtained; (2) the number of accounts or items reported in the annual report; (3) the associated sanctions target(s) whose property is blocked or a reference to the relevant written communication from OFAC if there is no associated target or that target is unknown; (4) a description of the property that is the subject of the blocking and its location; (5) the date the property was blocked; (6) the actual, or if unknown, estimated value of the property in U.S. Dollars; and (7) the legal authority or authorities under which the property is blocked.

*Annual report format.* OFAC is revising § 501.603(b)(2) to provide additional information regarding the required format for submitting annual reports of blocked property. Specifically, reports must be submitted either using the most recent version of Form TDF 90-22.50, Annual Report of Blocked Property, or by another official reporting option, including electronic, as specified by OFAC on its website. OFAC is updating Form TDF 90-22.50 in connection with the amendment of the Regulations to align the

form with the revised requirements of the Regulations. The changes to Form TDF 90-22.50 are also being made in an effort to reduce the need for follow up requests from OFAC in order to lessen the overall reporting burden for submitters. Requests to submit the information required pursuant to § 501.603(b)(2) in an alternate format will be considered by OFAC on a case-by-case basis. OFAC is adding a new requirement for submitters of annual reports of blocked property who maintain blocked funds in omnibus accounts, requiring that annual reports contain a disaggregated list showing each blocked asset contained within the omnibus account. This new requirement to include disaggregated information in the annual reports begins with the 2020 annual reports, which are due no later than September 30, 2020.

*Reports on property that is unblocked.* OFAC is incorporating into § 501.603 certain requirements regarding reports on the release of property from blocked status (*i.e.*, property that is unblocked). These reports are only due when specifically required by OFAC, such as when they are made a condition of a general or specific license, and must be filed within 10 business days from the date such property is unblocked or as otherwise specified by OFAC. When a report is required, § 501.603(b)(3) will now require submitters to include the following information: (1) the name and address of the person holding the property immediately prior to the property's release from blocked status and a contact from whom additional information may be obtained; (2) the associated sanctions target(s) whose property had been previously blocked or a reference to the relevant written communication from OFAC if there is no associated target or that target is unknown; (3) a description of the property and its location immediately prior to its release from blocked status, including certain required identifying information; (4) the

date the property was unblocked; (5) the actual, or if unknown, estimated value of the property that was released from blocked status in U.S. Dollars; (6) the legal authority or authorities under which the property was unblocked; and (7) when available, a copy of the original blocking report filed with OFAC pursuant to § 501.603(b)(1). OFAC is making several technical and conforming changes throughout § 501.603 to reflect these additional requirements.

*Electronic submission of reports.* OFAC is revising § 501.603 to allow for the submission of all reports on blocked or unblocked property by email, U.S. mail, or any other official reporting option, including electronic, as specified by OFAC on its website (<http://www.treasury.gov/ofac>). OFAC strongly prefers to receive reports made pursuant to this section by email or any other official electronic reporting option, as specified by OFAC on its website (<http://www.treasury.gov/ofac>).

*Rules regarding the availability of information.* Finally, OFAC is adding a new paragraph to § 501.603 to clarify the rules regarding the availability of information, under the FOIA. Specifically, information provided to OFAC pursuant to § 501.603 is subject to the FOIA and, generally, will be released upon the receipt of a valid FOIA request, unless OFAC determines that such information should be withheld in accordance with an applicable FOIA exemption.

#### *Reports on rejected transactions*

OFAC is revising § 501.604, which covers reports on rejected transactions, to: clarify that this section applies broadly to all rejected transactions (and not only to rejected funds transfers); provide greater detail regarding the information to be provided

to OFAC in connection with reports on rejected transactions; where to report such information; and make certain technical and conforming changes.

*Clarification of scope of transactions to be reported.* OFAC is replacing references to “rejected funds transfers” with references to “rejected transactions” and is adding a definition for the term “transactions” in order to provide additional clarity. Rejected transactions covered under this revised section include rejected transactions related to wire transfers, trade finance, securities, checks, foreign exchange, and goods or services. OFAC also has made a number of technical and conforming changes throughout § 501.604 to clarify that rejected transaction reporting is not limited to rejected funds transfers.

*Information to be included in reports.* OFAC is also revising § 501.604 to provide expanded instructions on the information to be submitted in reports on rejected transactions. As a general matter, in the past, when a submitter has not provided sufficient information to identify a transaction and the authority or authorities under which the transaction was rejected, OFAC has requested follow up information from the submitter, sometimes requiring multiple requests. OFAC is expanding its instructions on the information to be submitted in reports on rejected transactions in an effort to reduce the need for follow up requests from OFAC and in order to lessen the overall reporting burden for submitters. Submitters must now include the following information: (1) the name and address of the person that rejected the transaction and a contact from whom additional information may be obtained; (2) a description of the rejected transaction, including certain required identifying information; (3) if applicable, the associated sanctions target(s) whose involvement in the transaction has resulted in the transaction

being rejected and its location, if known; (4) the date the transaction was rejected; (5) the actual, or if unknown, estimated value of the property in U.S. Dollars; (6) the legal authority or authorities under which the transaction was rejected; and (7) a copy of any related payment or transfer instructions or other relevant documentation.

*Electronic submission of reports.* OFAC is revising § 501.604 to allow for the submission of rejected transaction reports by email, U.S. mail, or any other official reporting option, including electronic, as specified by OFAC on its website (<http://www.treasury.gov/ofac>). OFAC strongly prefers to receive reports made pursuant to this section by email or any other official electronic reporting option, as specified by OFAC on its website (<http://www.treasury.gov/ofac>).

*Rules regarding the availability of information.* Finally, OFAC is adding a new paragraph to § 501.604 to clarify the rules regarding the availability of information pursuant to the FOIA. Specifically, information provided to OFAC pursuant to § 501.604 is subject to the FOIA and, generally, will be released upon the receipt of a valid FOIA request, unless OFAC determines that such information should be withheld in accordance with an applicable FOIA exemption.

#### *Licensing procedures*

OFAC is revising § 501.801, which describes licensing procedures, to include information regarding OFAC's electronic license application procedures and to make a number of technical and conforming changes. Specifically, OFAC is revising § 501.801 to require that applications for specific licenses to engage in any transactions otherwise prohibited pursuant to 31 CFR chapter V or sanctions programs administered by OFAC be filed through OFAC's Reporting and License Application Forms page

(<https://licensing.ofac.treas.gov/>) or by mail. Applications for the unblocking of funds must be submitted by one of these means using Form TD-F 90-22.54, “Application for the Release of Blocked Funds,” or in another format that contains all of the information requested in Form TD-F 90-22.54. Form TD-F 90-22.54 may be obtained from OFAC’s Reporting and License Application Forms page. OFAC also is revising this section to remove the provision governing registration for non-governmental organizations, as this process has been phased out in favor of standard licensing procedures. In addition, OFAC is revising this section to clarify the rules governing the availability, under the FOIA, of information submitted to OFAC pursuant to § 501.801.

*Other technical and conforming changes*

OFAC is revising § 501.602, which covers reports to be furnished on demand, to provide additional clarity by adding references to electronic documents, and adding a new paragraph defining the term “document” for purposes of this section. OFAC is adding a new requirement that any persons providing documents to OFAC pursuant to § 501.602 must produce the documents in a usable format agreed upon by OFAC. To provide guidance as to what will be considered a usable format, OFAC is also adding a reference in the regulations to newly updated guidance regarding data delivery standards and the submission of documents, which is available on OFAC’s website (<http://www.treasury.gov/ofac>).

In addition, OFAC is revising paragraph (a) of § 501.701, which describes penalties for willful violations of the Trading with the Enemy Act (TWEA). Specifically, OFAC is adjusting the penalties as required by Section 107(a)(4) of the Comprehensive

Iran Sanctions, Accountability, and Divestment Act of 2010 (Pub. L. 111-195, 124 Stat. 1312) (CISADA).

Finally, OFAC is revising § 501.806, which describes procedures for unblocking funds believed to have been blocked due to mistaken identity, to require a party who believes that funds have been blocked due to mistaken identity send requests to release funds to OFAC in writing either by U.S. mail or electronically to OFAC's reports e-mail address (OFACreport@treasury.gov). OFAC is also making a number of technical and conforming changes to this section.

### **Electronic Availability**

This document and additional information concerning OFAC are available on OFAC's website (<http://www.treasury.gov/ofac>).

### **Public Participation**

These amendments are being published as an interim final rule with an effective date of [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Because the amendment of the Regulations is a rule of agency procedure and because it involves a foreign affairs function, the provisions of Executive Order 12866 and the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, as well as the provisions of Executive Order 13771, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply. Although notice and comment procedures are not required, OFAC invites comments on this interim final rule.

### **Paperwork Reduction Act**

Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), the collections of information related to the existing Regulations have been previously approved by the Office of Management and Budget under control number 1505-0164. This interim final rule modifies certain of the collections of information under the Regulations. Specifically, in § 501.603, OFAC is modifying the information to be collected and the format and means of submission for reports on blocked property — both initial reports and annual reports — and is adding requirements regarding the information to be collected and the format and means of submission for reports on previously blocked property that has been unblocked. In § 501.604, OFAC is modifying the information to be collected and the format and means of submission for reports on rejected transactions. OFAC is also clarifying the breadth of the existing requirement for reporting on rejected funds transfers.

These modifications to the collections of information under the Regulations, and certain forms available as a means to report such information, have been submitted to the Office of Management and Budget (OMB) for review and approval under control number 1505-0164.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

The likely respondents and record-keepers affected by these collections of information collections contained in part 501 are financial institutions, business organizations, nonprofit organizations, individuals, and legal representatives.

Since OFAC's last filing, OFAC has reviewed and revised its methodology to more accurately estimate the reporting burden as set forth below. The burden of the recordkeeping requirement imposed by 501.601 is minimal because the records required to be maintained should already be maintained under standard business practice.

Based on a general review of its databases and using OFAC's enhanced methodology and updated data, OFAC's estimate for the number of unique reporting respondents is approximately 6,900. The estimated total annual reporting burden is approximately 14,850 hours. Accordingly, the estimated annual hourly burden per respondent is approximately 2.2 hours. The estimated annual frequency of responses is between 1 and 3,300, varying greatly by entity depending on the size, nature, and scope of business activities of each respondent. The estimated total number of responses per year is approximately 31,601 responses. OFAC assesses that there is an average time estimate for reports associated with forms ranging from 15 minutes to 2 hours and for reports associated with general licenses and other miscellaneous reports ranging from 1 to 5 hours.

Comments are invited on: (a) whether this collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of

information on respondents, including through the use of automated collection techniques and other forms of information technology; and (e) the estimated capital or start-up costs of the operation, maintenance, and/or purchase of services to provide information.

Comments concerning the above information and the accuracy of these burden estimates, and suggestions for reducing this burden, should be directed to OMB, Attention: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs (OIRA), Washington, DC 20503 or by email to: OIRA\_Submission@omb.eop.gov, with a copy to Chief of Records, Attention: Request for Comments, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Avenue N.W., Freedman's Bank Building, Washington, DC 20220. Any such comments should be submitted not later than [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. All comments on these collections of information will be a matter of public record.

#### **List of Subjects in 31 CFR part 501**

Administrative practice and procedure, Banks, banking, Blocking of assets, Foreign trade, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Department of the Treasury's Office of Foreign Assets Control amends 31 CFR part 501 to read as follows:

#### **PART 501—REPORTING, PROCEDURES AND PENALTIES REGULATIONS**

1. The authority citation for part 501 is revised as follows:

**Authority:** 8 U.S.C. 1189; 18 U.S.C. 2332d, 2339B; 19 U.S.C. 3901-3913; 21 U.S.C. 1901-1908; 22 U.S.C. 287c; 22 U.S.C. 2370(a), 6009, 6032, 7205; 28 U.S.C.

2461 note; 31 U.S.C. 321(b); 50 U.S.C. 1701-1706; 50 U.S.C. 4301-4341341; Pub. L. 111-195, 124 Stat. 1312 (22 U.S.C. 8501-8551).

### **Subpart C—Reports**

2. Revise § 501.602 to read as follows:

#### **§ 501.602 Reports to be furnished on demand.**

(a) Every person is required to furnish under oath, in the form of reports or otherwise, from time to time and at any time as may be required by the Office of Foreign Assets Control, complete information relative to any act or transaction, regardless of whether such act or transaction is effected pursuant to license or otherwise, subject to the provisions of this chapter or relative to any property in which any foreign country or any national thereof has or had any interest of any nature whatsoever, direct or indirect. The Office of Foreign Assets Control may require that such reports include the production of any books, contracts, letters, papers, or other hard copy or electronic documents relating to any such act, transaction, or property, in the custody or control of the persons required to make such reports. Reports with respect to transactions may be required either before, during, or after such transactions. Except as provided in parts 596 and 597, the Office of Foreign Assets Control may, through any person or agency, conduct investigations, hold hearings, administer oaths, examine witnesses, receive evidence, take depositions, and require by subpoena the attendance and testimony of witnesses and the production of any books, contracts, letters, papers, and other hard copy or electronic documents relating to any matter under investigation, regardless of whether any report has been required or filed in connection therewith.

(b) For purposes of paragraph (a) of this section, the term “document” includes any written, recorded, or graphic matter or other means of preserving thought or expression (including in electronic format), and all tangible things stored in any medium from which information can be processed, transcribed, or obtained directly or indirectly, including correspondence, memoranda, notes, messages, contemporaneous communications such as text and instant messages, letters, emails, spreadsheets, metadata, contracts, bulletins, diaries, chronological data, minutes, books, reports, examinations, charts, ledgers, books of account, invoices, air waybills, bills of lading, worksheets, receipts, printouts, papers, schedules, affidavits, presentations, transcripts, surveys, graphic representations of any kind, drawings, photographs, graphs, video or sound recordings, and motion pictures or other film.

(c) Persons providing documents to OFAC pursuant to this section must produce documents in a usable format agreed upon by OFAC. For guidance, see OFAC’s data delivery standards available on OFAC’s website (<http://www.treasury.gov/ofac>).

**Note 1 to § 501.602:** See subpart F of part 597 for the relationship between this section and part 597.

3. Revise § 501.603 to read as follows:

**§ 501.603 Reports on blocked and unblocked property.**

(a) *Who must report*—(1) *Holders of blocked property.* Any U.S. person (or person subject to U.S. jurisdiction), including a financial institution, holding property blocked pursuant to this chapter or releasing property from blocked status (*i.e.*, unblocking property) pursuant to this chapter shall submit the relevant reports described in this section to the Office of Foreign Assets Control (OFAC). This requirement applies

to all U.S. persons (or persons subject to U.S. jurisdiction) who have or have had in their possession or control any property blocked pursuant to this chapter, including financial institutions that receive and block payments or transfers.

(2) *Primary responsibility to report.* A report may be filed on behalf of a holder of blocked property or a releaser of property from blocked status by an attorney, agent, or other person. Primary responsibility for reporting, however, rests with the actual holder or releaser of the property, or the person exercising control over property located outside the United States, with the following exceptions: primary responsibility for reporting any trust assets rests with the trustee; and primary responsibility for reporting real property rests with any U.S. co-owner, legal representative, agent, or property manager in the United States. No person is excused from filing a report by reason of the fact that another person has submitted a report with regard to the same property, except upon actual knowledge of the report filed by such other person.

(3) *Financial institution.* For purposes of this section, the term “financial institution” includes a banking institution, domestic bank, United States depository institution, financial institution, or U.S. financial institution, as those terms are defined in the applicable part of this chapter.

(b) *What must be reported—(1) Initial blocking reports—(i) When reports are due.* Reports shall be filed within 10 business days from the date that property becomes blocked.

(ii) *Required information to be reported.* Initial reports on blocked property shall include the following:

(A) The name and address of the person holding the property blocked pursuant to this chapter (*i.e.*, the person filing the report on blocked property, such as a financial institution), and the name, telephone number, and email address of a contact from whom additional information may be obtained;

(B) A description of any transaction associated with the blocking, including: the type of transaction; any persons, including financial institutions, participating in the transaction and their respective locations (*e.g.*, if relevant, customers, beneficiaries, originators, letter of credit applicants, and their banks; intermediary banks; correspondent banks; issuing banks; and advising or confirming banks); and any reference numbers, dates, or other information necessary to identify the transaction;

(C) The associated sanctions target(s) whose property is blocked (such as a Specially Designated National or other blocked person), the location(s) of the target(s) (if known), and, if not evident, a narrative description of the interest(s) of the target(s) in the property; if there is no target or the target is not known, include a reference to the relevant written communication from OFAC pursuant to which the blocking action was taken;

(D) A description of the property that is the subject of the blocking and its location in the United States or otherwise, including any relevant account numbers and account types, check numbers, reference numbers, dates, or other information necessary to identify the property;

(E) The date the property was blocked;

(F) The actual, or if unknown, estimated value of the property in U.S. Dollars. If the blocked property represents an outstanding loan, a credit card receivable, or other

property with a negative balance, the amount blocked should be reported as \$0.00 (zero) with the amount owed reflected in a narrative description. Blocked trade finance documents should also be reported as \$0.00 (zero) with the value of the shipment reflected in a narrative description. Transactions blocked in foreign currencies must be reported in U.S. Dollars with the foreign currency amount and notional exchange rate in the narrative;

(G) The legal authority or authorities under which the property is blocked and any action taken with respect to the property (*e.g.*, that the property has been deposited into a new or existing blocked, interest-bearing account that is labeled as such and is established in the name of, or contains a means of clearly identifying the interest of, the person subject to blocking pursuant to the requirements of this chapter). This may include a reference to the sanctions program (current programs are listed here:

[www.treasury.gov/resource-center/sanctions/SDN-List/Pages/program\\_tags.aspx](http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/program_tags.aspx)), the applicable part of this chapter (*e.g.*, 31 CFR part 515, 31 CFR part 544), an Executive order (E.O.) (*e.g.*, E.O. 13224, E.O. 13599), or a statute (*e.g.*, Foreign Narcotics Kingpin Designation Act). (Note: For this purpose, the term “SDN” is generic and cannot be used to identify the legal authority for blocking property); and

(H) A copy of any payment or transfer instructions, check, letter of credit, accompanying bill of lading, invoice, or any other relevant documentation received in connection with any related transaction.

(2) *Annual reports of blocked property*—(i) *When reports are due.* A report on all blocked property held as of June 30 of the current year shall be filed annually by September 30.

(ii) *Required information to be reported.* Annual reports on blocked property shall include the following:

(A) The name and address of the person holding the property blocked pursuant to this chapter (*i.e.*, the person filing the report on blocked property, such as a financial institution), and the name, telephone number, and email address of a contact from whom additional information may be obtained;

(B) The number of accounts or items reported in the annual report;

(C) Beginning with the annual report due no later than September 30, 2020, and for each subsequent reporting year, the associated sanctions target(s) whose property is blocked, such as a Specially Designated National or other blocked person, the location(s) of the target(s), if known, and, if not evident, a narrative description of the interest(s) of the target(s) in the transaction; if there is no target or the target is not known, include a reference to the relevant written communication from OFAC pursuant to which the blocking action was taken;

(D) A description of the property that is the subject of the blocking and its location in the United States or otherwise, including any relevant account numbers and account types, check numbers, reference numbers, dates, or other information necessary to identify the property;

(E) The date the property was blocked;

(F) The actual, or if unknown, estimated value of the property in U.S. Dollars as of June 30. If a June 30 value date is not available and a value date other than June 30 is reported, so indicate. If the blocked property represents an outstanding loan, a credit card receivable, or other property with a negative balance, the amount blocked should be

reported as \$0.00 (zero) with the amount owed reflected in a narrative description. Blocked trade finance documents should also be reported as \$0.00 (zero) with the value of the shipment reflected in a narrative description. Transactions blocked in foreign currencies must be reported in U.S. Dollars with the foreign currency amount and notional exchange rate in the narrative; and

(G) The legal authority or authorities under which the property is blocked. This may include a reference to the sanctions program (current programs are listed here: [www.treasury.gov/resource-center/sanctions/SDN-List/Pages/program\\_tags.aspx](http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/program_tags.aspx)), the applicable part of this chapter (e.g., 31 CFR part 515, 31 CFR part 544), an Executive order (E.O.) (e.g., E.O. 13224, E.O. 13599), or a statute (e.g., Foreign Narcotics Kingpin Designation Act). (Note: For this purpose, the term “SDN” is generic and cannot be used to identify the legal authority for blocking property).

(iii) *Format of annual reports.* Annual reports shall be submitted to OFAC either using the most recent version of Form TDF 90–22.50, Annual Report of Blocked Property, or by another official reporting option, including electronic, as specified by OFAC on its website (<http://www.treasury.gov/ofac>). While blocked funds may be maintained in omnibus accounts, the annual reports must contain a disaggregated list showing each blocked asset contained within the omnibus account. Form TDF 90–22.50 may be obtained directly from OFAC by downloading the form from the OFAC Reporting and License Application Forms page on OFAC’s website (<https://www.treasury.gov/resource-center/sanctions/Pages/forms-index.aspx>). Requests to submit the information required pursuant to § 501.603(b)(2)(ii) in an alternative format developed by the reporter are invited and will be considered by OFAC on a case-by-case

basis. A copy of reports submitted pursuant to § 501.603(b)(2) shall be retained for the submitter's records.

(3) *Unblocking reports*—(i) *When reports are due.* These reports are only due when specifically required by OFAC, such as when they are made a condition of a general or specific license, and shall be filed within 10 business days from the date property is unblocked.

(ii) *Required information to be reported.* Reports on the release of property from blocked status (*i.e.*, property that is unblocked) shall include the following:

(A) The name and address of the person holding the property immediately prior to the property's release from blocked status (*i.e.*, the person filing the unblocking report, such as a financial institution), and the name, telephone number, and email address of a contact from whom additional information may be obtained;

(B) The associated sanctions target(s) whose property had been previously blocked and was released from blocked status, such as a Specially Designated National or other blocked person, the location(s) of the target(s), if known, and, if not evident, a narrative description of the interest(s) of the target(s) in the previously blocked property or transaction; if there is no target or the target is not known, include a reference to the relevant written communication from OFAC pursuant to which the blocking action was taken;

(C) A description of the property that has been unblocked and its location in the United States or otherwise immediately prior to its release from blocked status, including any relevant account numbers and account types, check numbers, reference numbers, dates, or other information necessary to identify the property;

(D) The date the property was unblocked;

(E) The actual value of the property that was released from blocked status in U.S. Dollars. If the property represented an outstanding loan, a credit card receivable, or other property with a negative balance, the amount unblocked should be reported as \$0.00 (zero) with the amount owed reflected in a narrative description. Trade finance documents should also be reported as \$0.00 (zero) with the value of the shipment reflected in a narrative description. Transactions that were previously blocked in foreign currencies and were unblocked in a foreign currency must be reported in U.S. Dollars with the foreign currency amount and notional exchange rate in the narrative;

(F) The legal authority or authorities under which the property was unblocked. This may include, for example, reference to a specific or general license under an applicable part of this chapter or an E.O.; and

(G) A copy of the original blocking report filed with OFAC pursuant to § 501.603(b)(1), when available.

(c) *Reports on retained funds pursuant to § 596.504(b) of this chapter.* The reporting requirements set forth in this section are applicable to any person retaining funds pursuant to § 596.504(b) or releasing such funds.

(d) *Where to report.* All reports under this section shall be submitted to OFAC using one of the following methods: Email: OFACreport@treasury.gov; U.S. mail: Office of Foreign Assets Control, Sanctions Compliance and Evaluation Division, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Freedman's Bank Building, Washington, DC 20220; or any other official reporting option, including electronic, as specified by OFAC on its website (<http://www.treasury.gov/ofac>). OFAC

strongly prefers to receive reports made pursuant to this section by email or any other official electronic reporting option, as specified by OFAC on its website.

(e) *Rules governing availability of information.* OFAC records are made available to the public in accordance with the Freedom of Information Act (FOIA) (5 U.S.C. 552) and the provisions of 31 CFR part 1. *See* 31 CFR 1.5 for provisions pertaining to business information. Reports on blocked and unblocked property and the information required to be reported to OFAC pursuant to this section are subject to the FOIA. Information provided to OFAC pursuant to this section generally will be released upon the receipt of a valid FOIA request, unless OFAC determines that such information should be withheld in accordance with an applicable FOIA exemption.

4. Revise § 501.604 to read as follows:

**§ 501.604 Reports on rejected transactions.**

(a) *Who must report—(1) Persons rejecting transactions.* Any U.S. person (or person subject to U.S. jurisdiction), including a financial institution, that rejects a transaction that is not blocked under the provisions of this chapter, but where processing or engaging in the transaction would nonetheless violate a provision contained in this chapter, shall submit a report to the Office of Foreign Assets Control (OFAC).

(2) *Financial institution.* For purposes of this section, the term “financial institution” includes a banking institution, domestic bank, United States depository institution, financial institution, or U.S. financial institution, as those terms are defined in the applicable part of this chapter.

(3) *Transaction.* The term transaction includes transactions related to wire transfers, trade finance, securities, checks, foreign exchange, and goods or services.

(b) *Required information to be reported.* Reports on rejected transactions shall include the following:

(1) The name and address of the person that rejected the transaction pursuant to this chapter (*i.e.*, the person filing the report on the rejected transaction, such as a financial institution), and the name and telephone number of a contact from whom additional information may be obtained;

(2) A description of the rejected transaction, including the type of transaction; any persons, including financial institutions, participating in the transaction and their respective locations (*e.g.*, customers, beneficiaries, originators, letter of credit applicants, and their banks; intermediary banks; correspondent banks; issuing banks; and advising or confirming banks); a description of the property that is the subject of the transaction; and any reference numbers, account numbers, dates, or other information necessary to identify the transaction;

(3) If applicable, the associated sanctions target(s) whose involvement in the transaction has resulted in the transaction being rejected, the location(s) of the associated sanctions target(s), if known, and, if not evident, a narrative description of the interest(s) of the target(s) in the transaction;

(4) The date the transaction was rejected;

(5) The actual, or if unknown, estimated value of the property in U.S. Dollars.

Rejected trade documents should be reported as \$0.00 (zero) with the value of the shipment reflected in a narrative description. Rejected transactions in foreign currencies must be reported in U.S. Dollars with the foreign currency amount and notional exchange rate in a narrative description;

(6) The legal authority or authorities under which the transaction was rejected.

This may include a reference to the sanctions program (current programs are listed here: [www.treasury.gov/resource-center/sanctions/SDN-List/Pages/program\\_tags.aspx](http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/program_tags.aspx)), the applicable part of this chapter (e.g., 31 CFR part 515, 31 CFR part 544), an Executive Order (E.O.) (e.g., E.O. 13224, E.O. 13599), or a statute (e.g., Foreign Narcotics Kingpin Designation Act). (Note: For this purpose, the term “SDN” is generic and cannot be used to identify the legal authority or authorities for rejecting transactions); and

(7) A copy of any related payment or transfer instructions, check, letter of credit, accompanying bill of lading, invoice, or any other relevant documentation received in connection with the transaction.

(c) *When reports are due.* Reports shall be filed within 10 business days of the rejected transaction prohibited by the provisions of this chapter.

(d) *Where to report.* Reports under this section shall be submitted to OFAC using one of the following methods: Email: [OFACreport@treasury.gov](mailto:OFACreport@treasury.gov); U.S. mail: Office of Foreign Assets Control, Sanctions Compliance and Evaluation Division, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Freedman’s Bank Building, Washington, DC 20220; or any other official reporting option, including electronic, as specified by OFAC on its website (<http://www.treasury.gov/ofac>). OFAC strongly prefers to receive reports made pursuant to this section by email or any other official electronic reporting option, as specified by OFAC on its website.

(e) *Rules governing availability of information.* OFAC records are made available to the public in accordance with the Freedom of Information Act (FOIA) (5 U.S.C. 552) and the provisions of 31 CFR part 1. See 31 CFR 1.5 for provisions

pertaining to business information. Reports on rejected transactions and the information required to be reported to OFAC pursuant to this section are subject to the FOIA.

Information provided to OFAC pursuant to this section generally will be released upon the receipt of a valid FOIA request, unless OFAC determines that such information should be withheld in accordance with an applicable FOIA exemption.

#### **Subpart D—Trading With the Enemy Act (TWEA) Penalties**

5. Amend § 501.701 by revising paragraph (a)(1) to read as follows:

##### **§ 501.701 Penalties.**

(a) \* \* \*

(1) Persons who willfully violate any provision of TWEA or any license, rule, or regulation issued thereunder, and persons who willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of TWEA shall, upon conviction, be fined not more than \$1,000,000 or, if an individual, be imprisoned for not more than 20 years, or both.

\* \* \* \* \*

#### **Subpart E—Procedures**

6. Revise § 501.801 to read as follows:

##### **§ 501.801 Licensing.**

(a) *General licenses.* General licenses may be issued authorizing, under appropriate terms and conditions, certain types of transactions that are subject to the prohibitions contained in this chapter. General licenses also may be issued authorizing, under appropriate terms and conditions, certain types of transactions that are subject to prohibitions contained in economic sanctions programs the implementation and

administration of which have been delegated to the Director of the Office of Foreign Assets Control (OFAC) but which are not yet codified in this chapter. General licenses are set forth in subpart E of each part contained in this chapter or made available on OFAC's website:

*<https://www.treasury.gov/resourcecenter/sanctions/Programs/Pages/Programs.aspx>*. 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. Persons availing themselves of certain general licenses may be required to file reports and statements in accordance with the instructions specified in those licenses. Failure to file timely all required information in such reports or statements may nullify the authorization otherwise provided by the general license and result in apparent violations of the applicable prohibitions that may be subject to OFAC enforcement action.

(b) *Specific licenses*—(1) *General course of procedure*. Transactions subject to the prohibitions contained in this chapter, or to prohibitions the implementation and administration of which have been otherwise delegated to the OFAC Director, that are not authorized by general license may be effected only under specific license.

(2) *Applications for specific licenses*. Applications for specific licenses to engage in any transactions prohibited by or pursuant to this chapter, or sanctions programs that have been otherwise delegated to the OFAC Director for implementation and administration, must be signed, either manually or electronically, and filed through OFAC's Reporting and License Application Forms page (*<https://licensing.ofac.treas.gov/>*) or, if that option is unavailable, by mail, addressed to the Office of Foreign Assets Control, Licensing Division, U.S. Department of the

Treasury, 1500 Pennsylvania Avenue, N.W., Freedman's Bank Building, Washington, DC 20220. Applications for the unblocking of funds may be submitted via OFAC's Reporting and License Application Forms page (<https://licensing.ofac.treas.gov/>) or, if that option is unavailable, by using Form TD-F 90-22.54, "Application for the Release of Blocked Funds," or via a submission that otherwise contains all of the information provided for in Form TD-F 90-22.54. Form TD-F 90-22.54 may be obtained from OFAC's Reporting and License Application Forms page, or by mail at the address above.

(i) *Additional conditions.* Applicants should submit only one copy of a specific license application to OFAC; submitting multiple copies may result in processing delays. Any person having an interest in a transaction or proposed transaction may file an application for a specific license authorizing such a transaction.

(ii) *Information to be supplied.* The applicant must supply all information specified by relevant instructions (available on OFAC's Reporting and License Application Forms page at <https://licensing.ofac.treas.gov/>) and/or forms, and must fully disclose the names of all parties who are concerned with or interested in the proposed transaction. If the application is filed by an agent, the agent must disclose the name of his or her principal(s). Such documents as may be relevant shall be attached to each application as a part of such application, whether filed electronically or by mail, except that documents previously filed with OFAC may, where appropriate, be incorporated by reference in such application. Applicants may be required to furnish such further information as is deemed necessary to assist OFAC in making a determination. Any applicant or other party in interest desiring to present additional information may do so at any time before or after OFAC makes its decision with respect to the application. In

unique circumstances, OFAC may determine that an oral presentation regarding a license application would assist in OFAC's review of the issues involved. Any requests to make such an oral presentation must be submitted in writing to the attention of the Director, but are rarely granted.

(3) *Issuance of specific license.* Specific licenses normally will be issued by OFAC. Specific licenses also may be issued by the Secretary of the Treasury acting directly or through any specifically designated person, agency, or instrumentality.

(4) *Reports under specific licenses.* As a condition for the issuance of any specific license, the licensee may be required to file reports with respect to the transactions authorized by the specific license in such form and at such times and places as may be prescribed in the license or otherwise. Reports should be sent in accordance with the instructions provided in the applicable specific license.

(5) *Effect of denial.* The denial of a specific license does not preclude the reconsideration of an application or the filing of a further application. The applicant or any other party in interest may at any time request, by written correspondence, reconsideration of the denial of an application on the basis of new facts or changed circumstances.

(6) *Rules governing availability of information.* OFAC records are made available to the public in accordance with the Freedom of Information Act (FOIA) (5 U.S.C. 552) and the provisions of 31 CFR part 1. See 31 CFR 1.5 for provisions pertaining to business information. License applications submitted to OFAC and specific licenses issued by OFAC are subject to the FOIA and generally will be released upon the

receipt of a valid FOIA request, unless OFAC determines that such information should be withheld in accordance with an applicable FOIA exemption.

**Note 1 to paragraph (b)(6):** OFAC views information submitted in furtherance of an application for a specific license pursuant to this paragraph (b) to be required information for purposes of Exemption 4 of the FOIA.

7. Amend § 501.806 by revising paragraph (b) to read as follows:

**§ 501.806 Procedures for unblocking funds believed to have been blocked due to mistaken identity.**

\* \* \* \* \*

(b) Requests to release funds which a party believes to have been blocked due to mistaken identity must be made in writing and addressed to the Office of Foreign Assets Control, Sanctions Compliance & Evaluation Division, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Freedman's Bank Building, Washington, DC 20220, or sent by email to the Sanctions Compliance & Evaluation Division at OFACreport@treasury.gov.

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Dated: June 17, 2019.

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Andrea Gacki,  
Director, Office of Foreign Assets Control.

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