

Office of Foreign Assets Control, Treasury

Pt. 561

APPENDIX C TO PART 560 [RESERVED]

**PART 561—IRANIAN FINANCIAL
SANCTIONS REGULATIONS**

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AUTHORITY: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110-96, 121 Stat. 1011 (50 U.S.C. 1705 note); Pub. L. 111-195, 124 Stat. 1312 (22 U.S.C. 8501-8551); Pub. L. 112-81, 125 Stat. 1298 (22 U.S.C. 8513a); Pub. L. 112-158, 126 Stat. 1214 (22 U.S.C. 8701-8795); E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 13553, 75 FR 60567, 3 CFR, 2010 Comp., p. 253; E.O. 13599, 77 FR 6659, 3 CFR, 2012 Comp., p. 215; E.O. 13622, 77 FR 45897, 3 CFR, 2012 Comp., p. 290; E.O. 13628, 77 FR 62139, 3 CFR, 2012 Comp., p. 314.

SOURCE: 77 FR 11726, Feb. 27, 2012, unless otherwise noted.

Subpart A—Relation of This Part to Other Laws and Regulations

§ 561.101 Relation of this part to other laws and regulations.

This part is separate from, and independent of, the other parts of this chapter, with the exception of part 501 of this chapter, the recordkeeping and reporting requirements and license application and other procedures of which apply to this part. Actions taken pursuant to part 501 of this chapter with respect to the prohibitions contained in this part or the conditions imposed pursuant to this part are considered actions taken pursuant to this part. Differing foreign policy and national security circumstances may result in differing interpretations of similar language among the parts of this chapter. No license or authorization contained in or issued pursuant to those other parts authorizes any transaction prohibited by this part. No license or authorization contained in or issued pursuant to any other provision of law or regulation authorizes any transaction prohibited by this part. No license or authorization contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

Subpart B—Prohibitions

§ 561.201 CISADA-based sanctions on certain foreign financial institutions.

Upon a finding by the Secretary of the Treasury that a foreign financial institution knowingly engages in one or more of the activities described in paragraphs (a)(1) through (a)(6) of this section, attempts or conspires to facilitate or participate in one or more of such activities, or is owned or controlled by a foreign financial institution that the Secretary finds knowingly engages in one or more of such activities, consistent with the Secretary of the Treasury's authorities under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Pub. L. 111–195) (22 U.S.C.

8501–8551) (“CISADA”), as amended by the Iran Threat Reduction and Syria Human Rights Act of 2012 (Pub. L. 112–158), either the Secretary of the Treasury will impose one or more strict conditions, as set forth in paragraph (b) of this section, on the opening or maintaining of a correspondent account or a payable-through account in the United States for that foreign financial institution, or, as set forth in paragraph (c) of this section, the Secretary of the Treasury will prohibit a U.S. financial institution from opening or maintaining a correspondent account or a payable-through account in the United States for that foreign financial institution. The name of the foreign financial institution and the relevant prohibition or strict condition(s) will be added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List) on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac) and published in the FEDERAL REGISTER.

(a) A foreign financial institution engages in an activity described in this paragraph if, in any location or currency, the foreign financial institution knowingly:

(1) Facilitates the efforts of the Government of Iran (including efforts of Iran's Islamic Revolutionary Guard Corps or any of its agents or affiliates)—

(i) To acquire or develop weapons of mass destruction or delivery systems for weapons of mass destruction; or

(ii) To provide support for organizations designated as foreign terrorist organizations under section 219(a) of the Immigration and Nationality Act (8 U.S.C. 1189(a)) or support for acts of international terrorism, as defined in § 561.312 of this part;

(2) Facilitates the activities of—

(i) A person subject to financial sanctions pursuant to United Nations Security Council Resolutions 1737, 1747, 1803, or 1929, or any other resolution adopted by the Security Council that imposes sanctions with respect to Iran; or

(ii) A person acting on behalf of or at the direction of, or owned or controlled by, a person described in paragraph (a)(2)(i) of this section;

NOTE TO PARAGRAPH (a)(2) OF § 561.201: Persons subject to financial sanctions pursuant to the United Nations Security Council resolutions listed in § 561.201(a)(2) include individuals and entities listed in the Annex to UNSC Resolution 1737, Annex I of UNSC Resolution 1747, Annexes I and III of UNSC Resolution 1803, and Annexes I, II, and III of UNSC Resolution 1929; and individuals and entities designated by the Security Council or by the Committee established pursuant to UNSC Resolution 1737 (the "Committee") as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities, or the development of nuclear weapon delivery systems; and individuals and entities acting on behalf of or at the direction of those so listed or designated; and entities owned or controlled by those so listed or designated; and individuals and entities determined by the Security Council or the Committee to have assisted listed or designated individuals or entities in evading sanctions of, or in violating the provisions of, UNSC Resolutions 1737, 1747, 1803, or 1929.

(3) Engages in money laundering to carry out an activity described in paragraphs (a)(1) or (2) of this section;

(4) Facilitates efforts by the Central Bank of Iran or any other Iranian financial institution to carry out an activity described in paragraphs (a)(1) or (a)(2) of this section;

(5) Facilitates a significant transaction or transactions or provides significant financial services for—

(i) Iran's Islamic Revolutionary Guard Corps or any of its agents or affiliates whose property and interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) ("IEEPA"); or

(ii) A person whose property and interests in property are blocked pursuant to parts 544 or 594 of this chapter in connection with Iran's proliferation of weapons of mass destruction or delivery systems for weapons of mass destruction or Iran's support for international terrorism; or

NOTE TO PARAGRAPH (a)(5) OF § 561.201: The names of persons whose property and interests in property are blocked pursuant to IEEPA are published in the FEDERAL REGISTER and incorporated into the Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List (the "SDN List"). The SDN List is accessible through the following page on the Office of Foreign Assets Control's Web site:

www.treasury.gov/sdn. Additional information pertaining to the SDN List can be found in appendix A to this chapter. Agents or affiliates of Iran's Islamic Revolutionary Guard Corps ("IRGC") whose property and interests in property are blocked pursuant to IEEPA are identified by a special reference to the "IRGC" at the end of their entries on the SDN List, in addition to the reference to the regulatory part of this chapter pursuant to which their property and interests in property are blocked. For example, an affiliate of the IRGC whose property and interests in property are blocked pursuant to the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 CFR part 544, will have the tags "[NPWMD][IRGC]" at the end of its entry on the SDN List. Persons whose property and interests in property are blocked pursuant to parts 544 or 594 of this chapter in connection with Iran's proliferation of weapons of mass destruction or delivery systems for weapons of mass destruction or Iran's support for international terrorism also are identified by the tag "[IFSR]" in addition to the tag referencing part 544 or part 594, as the case may be, located at the end of their entries on the SDN List (e.g., [NPWMD][IFSR] or [SDGT][IFSR]). In addition, see § 561.405 concerning entities that may not be listed on the SDN List but whose property and interests in property are nevertheless blocked.

(6) Facilitates, or participates or assists in, an activity described in paragraphs (a)(1) through (a)(5) of this section, including by acting on behalf of, at the direction of, or as an intermediary for, or otherwise assisting, another person with respect to the activity.

(b) The Secretary of the Treasury may impose one or more strict conditions on the opening or maintaining by a U.S. financial institution of a correspondent account or a payable-through account in the United States for a foreign financial institution that the Secretary finds engages in one or more of the activities described in paragraph (a) of this section. Except as otherwise authorized pursuant to this part, a U.S. financial institution shall not open or maintain a correspondent account or payable-through account in the United States in a manner that is inconsistent with any strict condition imposed and in effect pursuant to this paragraph. Such conditions may include, but are not limited to, the following:

(1) Prohibiting or restricting any provision of trade finance through the correspondent account or payable-through account of the foreign financial institution;

(2) Restricting the transactions that may be processed through the correspondent account or payable-through account of the foreign financial institution to certain types of transactions, such as personal remittances;

(3) Placing monetary limits on, or limiting the volume of, the transactions that may be processed through the correspondent account or payable-through account of the foreign financial institution;

(4) Requiring pre-approval from the U.S. financial institution for all transactions processed through the correspondent account or payable-through account of the foreign financial institution; or

(5) Prohibiting or restricting the processing of foreign exchange transactions through the correspondent account or payable-through account of the foreign financial institution.

NOTE TO PARAGRAPH (b) OF § 561.201: The name of the foreign financial institution, together with the actual strict condition or conditions to be imposed, will be added to the CAPTA List on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac), and published in the FEDERAL REGISTER.

(c) If the Secretary of the Treasury does not impose one or more strict conditions, pursuant to paragraph (b) of this section, on the opening or maintaining of a correspondent account or a payable-through account in the United States for a foreign financial institution that the Secretary finds engages in one or more of the activities described in paragraph (a) of this section, the Secretary, consistent with CISADA, will prohibit the opening or maintaining by a U.S. financial institution of a correspondent account or a payable-through account in the United States for that foreign financial institution. Except as otherwise authorized pursuant to this part, a U.S. financial institution shall not open or maintain a correspondent account or a payable-through account in the United States for a foreign financial institution for which the opening or maintaining of

such an account is prohibited pursuant to this paragraph.

NOTE TO PARAGRAPH (c) OF § 561.201: The names of foreign financial institutions for which the opening or maintaining of a correspondent account or a payable-through account in the United States is prohibited will be listed on the CAPTA List on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac), and published in the FEDERAL REGISTER.

NOTE TO § 561.201: The CAPTA List will specify whether U.S. financial institutions are required to:

(1) Impose strict conditions on the opening or maintaining of a correspondent account or a payable-through account for a particular foreign financial institution pursuant to paragraph (b) of this section;

(2) Prohibit the opening or maintaining of a correspondent account or a payable-through account for a particular foreign financial institution pursuant to paragraph (c) of this section;

(3) Prohibit the opening or maintaining of a correspondent account or a payable-through account for a particular foreign financial institution pursuant to § 561.203(a)(1) and (a)(2)(i); or

(4) Prohibit the opening of a correspondent account or a payable-through account and impose strict conditions on maintaining a preexisting correspondent account or a payable-through account for a particular foreign financial institution pursuant to § 561.203(a)(1) and (a)(2)(ii). Where applicable, the CAPTA List also will specify the strict condition or conditions to be imposed on the correspondent account or the payable-through account.

[77 FR 11726, Feb. 27, 2012, as amended at 77 FR 66919, Nov. 8, 2012; 84 FR 9457, Mar. 15, 2019]

§ 561.202 Prohibitions on persons owned or controlled by U.S. financial institutions.

Except as otherwise authorized pursuant to this part, any person that is owned or controlled by a U.S. financial institution is prohibited from knowingly engaging in any transaction with or benefitting Iran's Islamic Revolutionary Guard Corps or any of its agents or affiliates whose property and interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) ("IEEPA").

NOTE 1 TO § 561.202: The names of persons whose property and interests in property are blocked pursuant to IEEPA are published in

the FEDERAL REGISTER and incorporated into the Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List (the "SDN List"). The SDN List is accessible through the following page on the Office of Foreign Assets Control's Web site: www.treasury.gov/sdn. Additional information pertaining to the SDN List can be found in appendix A to this chapter. Agents or affiliates of Iran's Islamic Revolutionary Guard Corps ("IRGC") whose property and interests in property are blocked pursuant to IEEPA are identified by a special reference to the "IRGC" at the end of their entries on the SDN List, in addition to the reference to the regulatory part of this chapter pursuant to which their property and interests in property are blocked. For example, an affiliate of the IRGC whose property and interests in property are blocked pursuant to the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 CFR part 544, will have the tag "[NPWMD] [IRGC]" at the end of its entry on the SDN List. In addition, see § 561.405 concerning entities that may not be listed on the SDN List but whose property and interests in property are nevertheless blocked.

NOTE 2 TO § 561.202: A U.S. financial institution is subject to the civil penalties provided for in section 206(b) of IEEPA if any person that it owns or controls violates the prohibition set forth in this section and the U.S. financial institution knew or should have known of such violation. See § 561.701(a)(2).

§ 561.203 NDAA-based sanctions on certain foreign financial institutions.

(a) *Imposition of sanctions.* Subject to the limitations, exceptions, and conditions set forth in paragraphs (d) through (k) of this section, upon a determination by the Secretary of the Treasury that a foreign financial institution has knowingly conducted or facilitated any significant financial transaction with the Central Bank of Iran or a designated Iranian financial institution, consistent with section 1245 of the National Defense Authorization Act for Fiscal Year 2012 (Pub. L. 112-81) (22 U.S.C. 8513a) (the "2012 NDAA"), as amended by the Iran Threat Reduction and Syria Human Rights Act of 2012 (Pub. L. 112-158) (22 U.S.C. 8701-8795) (the "TRA"), the Secretary of the Treasury:

(1) Will prohibit U.S. financial institutions from opening a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to

which the determination has been made; and either

(2)(i) Will prohibit U.S. financial institutions from maintaining a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; or

(ii) Will impose one or more strict conditions on the maintaining of any correspondent account or payable-through account that had been opened in the United States for the foreign financial institution prior to the Secretary of the Treasury's determination with respect to the foreign financial institution.

NOTE 1 TO PARAGRAPH (a) OF § 561.203: The names of *designated Iranian financial institutions* are identified on the Specially Designated Nationals and Blocked Persons List (the "SDN List") on the Office of Foreign Assets Control's Web site with the tag "[NDAA]" at the end of their entries, in addition to the reference to the regulatory part of this chapter pursuant to which their property and interests in property are blocked. The SDN List is accessible through the following page on the Office of Foreign Assets Control's Web site: www.treasury.gov/sdn.

NOTE 2 TO PARAGRAPH (a) OF § 561.203: The name of any foreign financial institution with respect to which a determination has been made pursuant to this paragraph (a), along with the relevant sanctions to be imposed (prohibition(s) and/or strict condition(s)), will be added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), which is maintained on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac), and published in the FEDERAL REGISTER.

(b) *Strict conditions.* The strict conditions that might be imposed on the maintaining of a pre-existing correspondent account or payable-through account for a foreign financial institution pursuant to paragraph (a)(2)(ii) of this section include, but are not limited to, the following:

(1) Prohibiting or restricting any provision of trade finance through the correspondent account or payable-through account of the foreign financial institution;

(2) Restricting the transactions that may be processed through the correspondent account or payable-through

account of the foreign financial institution to certain types of transactions, such as personal remittances;

(3) Placing monetary limits on, or limiting the volume of, the transactions that may be processed through the correspondent account or payable-through account of the foreign financial institution;

(4) Requiring pre-approval from the U.S. financial institution for all transactions processed through the correspondent account or payable-through account of the foreign financial institution; or

(5) Prohibiting or restricting the processing of foreign exchange transactions through the correspondent account or payable-through account of the foreign financial institution.

(c) *Prohibitions.* (1) Except as otherwise authorized pursuant to this part, a U.S. financial institution shall not open a correspondent account or payable-through account in the United States for a foreign financial institution for which the opening of such an account is prohibited pursuant to paragraph (a)(1) of this section.

(2) Except as otherwise authorized pursuant to this part, a U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution for which the maintaining of such an account is prohibited pursuant to paragraph (a)(2)(i) of this section.

(3) Except as otherwise authorized pursuant to this part, a U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution in a manner that is inconsistent with any strict condition imposed and in effect pursuant to paragraph (a)(2)(ii) of this section.

(d) *Privately owned foreign financial institutions.* (1) Subject to the exceptions set forth in paragraphs (g) and (i) through (k) of this section, sanctions may be imposed pursuant to paragraph (a) of this section beginning on February 29, 2012, with respect to any significant financial transaction conducted or facilitated by a privately owned foreign financial institution

that is not for the purchase of petroleum or petroleum products from Iran.

(2) Subject to the exceptions and conditions set forth in paragraphs (h) through (k) of this section, sanctions may be imposed pursuant to paragraph (a) of this section with respect to any significant financial transaction conducted or facilitated by a privately owned foreign financial institution on or after June 28, 2012, for the purchase of petroleum or petroleum products from Iran.

(e) *Government-owned or -controlled foreign financial institutions, excluding foreign central banks.* (1) Subject to the exceptions and conditions set forth in paragraphs (h) through (k) of this section, sanctions may be imposed pursuant to paragraph (a) of this section with respect to any significant financial transaction conducted or facilitated by a foreign financial institution owned or controlled by the government of a foreign country, excluding a central bank of a foreign country, on or after June 28, 2012, for the sale or purchase of petroleum or petroleum products to or from Iran.

(2) Subject to the exceptions and conditions set forth in paragraphs (g) and (i) through (k) of this section, sanctions may be imposed pursuant to paragraph (a) of this section with respect to any significant financial transaction conducted or facilitated by a foreign financial institution owned or controlled by the government of a foreign country, excluding a central bank of a foreign country, on or after February 6, 2013, that is not for the sale or purchase of petroleum or petroleum products to or from Iran.

(f) *Foreign central banks.* Subject to the exceptions and conditions set forth in paragraphs (h) through (k) of this section, sanctions may be imposed pursuant to paragraph (a) of this section on a central bank of a foreign country only insofar as it engages in a financial transaction for the sale or purchase of petroleum or petroleum products to or from Iran conducted or facilitated on or after June 28, 2012.

(g) Sanctions will not be imposed under paragraph (a) of this section with respect to any foreign financial

institution for conducting or facilitating a transaction for the sale of agricultural commodities, food, medicine, or medical devices to Iran.

(h) The Secretary of the Treasury may impose sanctions pursuant to paragraph (a) of this section with respect to any significant financial transaction conducted or facilitated by a foreign financial institution on or after June 28, 2012, for the purchase of petroleum or petroleum products from Iran only if the President determines, not later than March 30, 2012, and every 180 days thereafter, that there is a sufficient supply of petroleum and petroleum products from countries other than Iran to permit a significant reduction in petroleum and petroleum products purchased from Iran by or through foreign financial institutions. Such successive sufficiency determinations by the President shall render subject to sanctions under paragraph (a) of this section those financial transactions conducted or facilitated by a foreign financial institution for the purchase of petroleum or petroleum products from Iran during each successive 180-day period beginning 90 days after the President's determination.

NOTE TO PARAGRAPH (h) OF § 561.203: Under Section 1245(d)(4)(B) of the 2012 NDAA, the President is to make a determination, not later than March 30, 2012, and every 180 days thereafter, of whether the price and supply of petroleum and petroleum products produced in countries other than Iran is sufficient to permit purchasers of petroleum and petroleum products from Iran to reduce significantly their purchases from Iran. This determination is to be based on reports on the availability and price of petroleum and petroleum products produced in countries other than Iran that, pursuant to section 1245(d)(4)(A) of the 2012 NDAA, the Administrator of the Energy Information Administration, in consultation with the Secretary of the Treasury, the Secretary of State, and the Director of National Intelligence, was to submit to Congress beginning not later than February 29, 2012, and every 60 days thereafter. Beginning September 1, 2012, pursuant to section 1245(d)(4)(A) of the 2012 NDAA, as amended by section 503(b) of the TRA, the report of the Administrator of the Energy Information Administration is to be submitted to Congress not later than October 25, 2012, and the last Thursday of every other month thereafter.

(i) Sanctions will not be imposed under paragraph (a) of this section with respect to a financial transaction described in paragraph (j) of this section that is conducted or facilitated by a foreign financial institution if, for the 180-day period during which the financial transaction is conducted or facilitated, the Secretary of State has determined and reported to Congress:

(1) That the country with primary jurisdiction over the foreign financial institution has significantly reduced its crude oil purchases from Iran, thus qualifying for a "significant reduction exception" for the 180-day period during which the financial transaction is conducted or facilitated; or

(2) That the country with primary jurisdiction over the foreign financial institution has received a significant reduction exception described in this paragraph in a previous period and, after receiving the exception, has reduced its crude oil purchases from Iran to zero during a subsequent 180-day reporting period.

NOTE TO PARAGRAPH (i) OF § 561.203: The Secretary of State is to determine whether a country qualifies for the "significant reduction exception" and report such determination to Congress not later than 90 days after the date on which the President makes the initial determination referenced in paragraph (h) of this section, and every 180 days thereafter. Accordingly, a significant reduction exception covers a period of 180 days.

(j) A financial transaction conducted or facilitated by a foreign financial institution is described in this paragraph (j) if:

(1) The financial transaction is only for trade in goods or services that either originate in the country with primary jurisdiction over the foreign financial institution and are exported and sold directly to Iran or originate in Iran and are exported and sold directly to the country with primary jurisdiction over the foreign financial institution;

(2) Any funds owed to the country with primary jurisdiction over the foreign financial institution as a result of such trade are paid to:

(i) Individuals who are citizens, nationals, or permanent residents of the country with primary jurisdiction over the foreign financial institution; or

(ii) Entities organized under the laws of the country with primary jurisdiction over the foreign financial institution that are not the Government of Iran, as defined in §561.321;

(3) Any funds owed to Iran as a result of such trade are subject to the terms and conditions set forth in paragraph (k) of this section; and

(4) Funds owed as a result of such trade are not credited to an account held at any financial institution whose name appears on the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), which is maintained on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac).

(k) In order for a transaction to qualify for the significant reduction exception from the sanctions imposed under paragraph (a) of this section described in paragraph (i), all funds owed to Iran as a result of a trade transaction described in paragraph (j)(1) of this section must be subject to the following conditions and restrictions:

(1) The funds must be credited to an account held at a foreign financial institution that conducted or facilitated the trade transaction described in paragraph (j)(1) of this section;

(2) The funds must be credited to an account held in the country with primary jurisdiction over that foreign financial institution;

(3) The funds must be credited to an account held in the name of the Central Bank of Iran, the Iranian party to the trade transaction, or an Iranian financial institution that is not a designated Iranian financial institution;

(4) Payments from the funds may be made only in the manner and to the persons specified in paragraph (k)(5) of this section for amounts owed to such persons for the direct exportation and sale to Iran of goods or services originating in the country with primary jurisdiction over the foreign financial institution holding the funds (*but see* Note 2 to §561.203);

(5) Payments from the funds for the goods or services exported and sold to Iran, as described in paragraph (k)(4) of this section, may be made only by check payable to or to the order of, or by transfer to an account at a foreign

financial institution in the country with primary jurisdiction over the foreign financial institution holding the funds that is held in the name of:

(i) Individuals who are citizens, nationals, or permanent residents of the country with primary jurisdiction over the foreign financial institution holding the funds; or

(ii) Entities that are organized under the laws of that country;

(6) The funds may not be withdrawn in cash, remitted to Iran or paid to anyone that is the *Government of Iran*, as defined in §561.321, or credited to an account held at a financial institution whose name appears on the CAPTA List (see paragraph (j)(4) of this section); and

(7) Other than in payment for goods or services exported and sold to Iran as set forth in paragraphs (k)(4) through (k)(6) of this section, the funds may be transferred from the initial account described in paragraphs (k)(1) through (k)(3) of this section only to another account that is held at the same foreign financial institution, located in the country with primary jurisdiction over that foreign financial institution, and subject to the following conditions and restrictions:

(i) The account must be a separate, special purpose account holding only funds owed to Iran as a result of trade transactions that qualify for the significant reduction exception described in paragraph (i) of this section and that are conducted or facilitated by the foreign financial institution holding the account; and

(ii) The conditions and restrictions on the funds owed to Iran set forth in paragraphs (k)(1) through (k)(6) of this section apply in full to the account described in this paragraph, except that the account must be held only in the name of the Central Bank of Iran or an Iranian financial institution that is not a designated Iranian financial institution.

NOTE TO PARAGRAPHS (j) AND (k) OF §561.203: See §561.408 for a provision interpreting the phrases goods or services originating in the country with primary jurisdiction over the foreign financial institution and goods or services originating in Iran.

NOTE 1 TO §561.203: The sanctions regime described in §561.203 is separate from the

sanctions regimes described in §§ 561.201 and 561.204 and applies in addition to, and independently of, the sanctions regimes imposed under §§ 561.201 and 561.204.

NOTE 2 TO § 561.203: Paragraph (g) of this section excepts transactions for the sale of agricultural commodities, food, medicine, or medical devices to Iran from the imposition of sanctions under paragraph (a) of this section. Therefore, funds owed to Iran as a result of a trade transaction described in paragraph (j)(1) of this section may be used for the purchase and export to Iran of agricultural commodities, food, medicine, or medical devices regardless of the country from which such goods are purchased and regardless of where such goods originate, and payment from the funds for such goods may be made to exporters in countries other than the country with primary jurisdiction over the foreign financial institution holding the funds.

[77 FR 11726, Feb. 27, 2012, as amended at 78 FR 16405, Mar. 15, 2013; 84 FR 9457, Mar. 15, 2019]

§ 561.204 Additional petroleum-related sanctions on certain foreign financial institutions.

(a) *Imposition of sanctions.* Subject to the limitations, exceptions, and conditions set forth in paragraphs (d) through (f) of this section, upon a determination by the Secretary of the Treasury that a foreign financial institution has knowingly engaged in one or more of the activities described in paragraph (b) of this section, the Secretary of the Treasury may:

(1) Prohibit U.S. financial institutions from opening a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; and either

(2)(i) Prohibit U.S. financial institutions from maintaining a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; or

(ii) Impose one or more strict conditions on the maintaining of any correspondent account or payable-through account that had been opened in the United States for the foreign financial institution prior to the Secretary of the Treasury's determination with respect to the foreign financial institution.

NOTE 1 TO PARAGRAPH (a) OF § 561.204: The name of any foreign financial institution with respect to which a determination has been made pursuant to this paragraph (a), along with the relevant sanctions to be imposed (prohibition(s) and/or strict condition(s)), will be added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), which is maintained on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac), and published in the FEDERAL REGISTER.

NOTE 2 TO PARAGRAPH (a) OF § 561.204: See § 561.203(b) for examples of strict conditions that might be imposed, pursuant to paragraph (a)(2)(ii) of this section, on the maintaining of a pre-existing correspondent account or payable-through account for a foreign financial institution with respect to which the Secretary of the Treasury's determination has been made.

(b) *Sanctionable activity.* A foreign financial institution engages in an activity described in this paragraph if it knowingly conducts or facilitates any significant financial transaction:

(1) With the National Iranian Oil Company ("NIOC"), the Naftiran Intertrade Company ("NICO"), or any entity owned or controlled by, or operating for or on behalf of, NIOC or NICO, except for a sale or provision to any of the foregoing of the products described in section 5(a)(3)(A)(i) of the Iran Sanctions Act of 1996 (Pub. L. 104-172) (50 U.S.C. 1701 note), as amended, provided that the fair market value of such products is lower than the applicable dollar threshold specified in that provision;

NOTE TO PARAGRAPH (b)(1) OF § 561.204: As of March 15, 2013, the products described in section 5(a)(3)(A)(i) of the Iran Sanctions Act of 1996 (Pub. L. 104-172) (50 U.S.C. 1701 note), as amended, are refined petroleum products, and for the fair market value of such products to be lower than the applicable dollar threshold specified in that provision the products sold or provided to NIOC, NICO, or any entity owned or controlled by, or operating for or on behalf of, NIOC or NICO, must have a fair market value of less than \$1,000,000, and, during a 12-month period, an aggregate fair market value of less than \$5,000,000.

(2) For the purchase or acquisition of petroleum or petroleum products from Iran; or

(3) For the purchase or acquisition of petrochemical products from Iran.

(c) *Prohibitions.* (1) A U.S. financial institution shall not open a correspondent account or payable-through account in the United States for a foreign financial institution for which the opening of such an account is prohibited pursuant to paragraph (a)(1) of this section.

(2) A U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution for which the maintaining of such an account is prohibited pursuant to paragraph (a)(2)(i) of this section.

(3) A U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution in a manner that is inconsistent with any strict condition imposed and in effect pursuant to paragraph (a)(2)(ii) of this section.

(4) The prohibitions in paragraphs (c)(1) through (c)(3) of this section apply except to the extent transactions are authorized by regulations, orders, directives, or licenses that may be issued pursuant to this part, and notwithstanding any contracts entered into or any license or permit granted prior to the effective date of the prohibition.

(d) *Exempt activity.* Sanctions will not be imposed under paragraph (a) of this section with respect to any foreign financial institution for:

(1) Conducting or facilitating a transaction for the sale of agricultural commodities, food, medicine, or medical devices to Iran or when the underlying transaction has been authorized by the Office of Foreign Assets Control pursuant to any part of this chapter V; or

(2) Conducting or facilitating a transaction involving a natural gas development and pipeline project initiated prior to July 31, 2012, to bring gas from Azerbaijan to Europe and Turkey in furtherance of a production sharing agreement or license awarded by a sovereign government other than the Government of Iran before July 31, 2012.

NOTE TO PARAGRAPH (d)(2) OF § 561.204: The natural gas development and pipeline project referred to in this paragraph is the project to develop the Shah Deniz natural gas field in Azerbaijan's sector of the Caspian Sea and

related pipeline projects to bring the gas from Azerbaijan to Europe and Turkey.

(e) The Secretary of the Treasury may impose sanctions pursuant to paragraph (a) of this section with respect to any significant financial transaction described in paragraphs (b)(1) and (b)(2) of this section only if the President makes the successive determinations that there is a sufficient supply of petroleum and petroleum products from countries other than Iran described in paragraph (h) of § 561.203.

(f) Sanctions will not be imposed under paragraph (a) of this section with respect to any significant financial transaction described in paragraphs (b)(1) and (b)(2) of this section that is conducted or facilitated by a foreign financial institution if:

(1) For the 180-day period during which the financial transaction is conducted or facilitated, the Secretary of State has determined and reported to Congress:

(i) That the country with primary jurisdiction over the foreign financial institution has significantly reduced its crude oil purchases from Iran, thus qualifying for the "significant reduction exception" for the 180-day period during which the financial transaction is conducted or facilitated; or

(ii) That the country with primary jurisdiction over the foreign financial institution has received a significant reduction exception described in this paragraph in a previous period, and, after receiving the exception, has reduced its crude oil purchases from Iran to zero during a subsequent 180-day reporting period; and

(2) The transaction satisfies the conditions and restrictions set forth in paragraphs (j) and (k) of § 561.203.

NOTE TO PARAGRAPH (f) OF § 561.204: The Secretary of State is to determine whether a country qualifies for the "significant reduction exception" and report such determination to Congress not later than 90 days after the date on which the President makes the initial determination referenced in paragraph (h) of this section, and every 180 days thereafter. Accordingly, a significant reduction exception covers a period of 180 days.

NOTE TO § 561.204: The sanctions regime described in this section is separate from the sanctions regimes described in §§ 561.201 and

561.203 and applies in addition to, and independently of, the sanctions regimes imposed under §§ 561.201 and 561.203.

[78 FR 16407, Mar. 15, 2013, as amended at 84 FR 9457, Mar. 15, 2019]

§ 561.205 Evasions; attempts; causing violations; conspiracies.

(a) Any transaction on or after the effective date that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this part is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this part is prohibited.

[78 FR 16408, Mar. 15, 2013]

Subpart C—General Definitions

§ 561.301 Effective date.

(a) The effective date of a prohibition or condition imposed pursuant to §§ 561.201, 561.203, or 561.204 on the opening or maintaining of a correspondent account or a payable-through account in the United States by a U.S. financial institution for a particular foreign financial institution is the earlier of the date the U.S. financial institution receives actual or constructive notice of such prohibition or condition.

(b) The effective date of the prohibition contained in § 561.202 with respect to Iran's Islamic Revolutionary Guard Corps and any of its agents or affiliates whose property and interests in property are blocked as of August 16, 2010, is August 16, 2010.

(c) The effective date of the prohibition contained in § 561.202 with respect to an agent or affiliate of Iran's Islamic Revolutionary Guard Corps whose property and interests in property become blocked after August 16, 2010, is the earlier of the date of actual or constructive notice that such person's property and interests in property are blocked.

[77 FR 11726, Feb. 27, 2012, as amended at 78 FR 16408, Mar. 15, 2013]

§ 561.302 UNSC Resolution 1737.

The term *UNSC Resolution 1737* means United Nations Security Council Resolution 1737, adopted December 23, 2006.

§ 561.303 UNSC Resolution 1747.

The term *UNSC Resolution 1747* means United Nations Security Council Resolution 1747, adopted March 24, 2007.

§ 561.304 UNSC Resolution 1803.

The term *UNSC Resolution 1803* means United Nations Security Council Resolution 1803, adopted March 3, 2008.

§ 561.305 UNSC Resolution 1929.

The term *UNSC Resolution 1929* means United Nations Security Council Resolution 1929, adopted June 9, 2010.

§ 561.306 Correspondent account.

The term *correspondent account* means an account established by a U.S. financial institution for a foreign financial institution to receive deposits from, or to make payments on behalf of, the foreign financial institution, or to handle other financial transactions related to such foreign financial institution.

§ 561.307 Payable-through account.

The term *payable-through account* means a correspondent account maintained by a U.S. financial institution for a foreign financial institution by means of which the foreign financial institution permits its customers to engage, either directly or through a subaccount, in banking activities usual in connection with the business of banking in the United States.

§ 561.308 Foreign financial institution.

The term *foreign financial institution* means any foreign entity that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes but is not limited to depository institutions, banks, savings banks, money service businesses, trust companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, dealers

§ 561.309

in precious metals, stones, or jewels, and holding companies, affiliates, or subsidiaries of any of the foregoing. The term does not include the international financial institutions identified in 22 U.S.C. 262r(c)(2), the International Fund for Agricultural Development, the North American Development Bank, or any other international financial institution so notified by the Office of Foreign Assets Control.

[77 FR 66920, Nov. 8, 2012]

§ 561.309 U.S. financial institution.

The term *U.S. financial institution* means any U.S. entity that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes but is not limited to depository institutions, banks, savings banks, money service businesses, trust companies, insurance companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, and U.S. holding companies, U.S. affiliates, or U.S. subsidiaries of any of the foregoing. This term includes those branches, offices, and agencies of foreign financial institutions that are located in the United States, but not such institutions' foreign branches, offices, or agencies.

§ 561.310 Money laundering.

The term *money laundering* means engaging in deceptive practices to obscure the nature of transactions involving the movement of illicit cash or illicit cash equivalent proceeds into, out of, or through a country, or into, out of, or through a financial institution, such that the transactions are made to appear legitimate.

§ 561.311 Agent.

The term *agent* includes an entity established by a person for purposes of conducting transactions on behalf of

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the person in order to conceal the identity of the person.

§ 561.312 Act of international terrorism.

The term *act of international terrorism* has the same definition as that provided under section 14 of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note). As of February 27, 2012, the term *act of international terrorism* means an act which is violent or dangerous to human life and that is a violation of the criminal laws of the United States or of any state or that would be a criminal violation if committed within the jurisdiction of the United States or any state and which appears to be intended to intimidate or coerce a civilian population; to influence the policy of a government by intimidation or coercion; or to affect the conduct of a government by assassination or kidnapping.

§ 561.313 Financial services.

The term *financial services* includes loans, transfers, accounts, insurance, investments, securities, guarantees, foreign exchange, letters of credit, and commodity futures or options.

§ 561.314 Knowingly.

The term *knowingly*, with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result.

§ 561.315 Person.

The term *person* means an individual or entity.

§ 561.316 Entity.

The term *entity* means a partnership, association, trust, joint venture, corporation, or other organization.

§ 561.317 Money service businesses.

The term *money service businesses* means any agent, agency, branch, or office of any person doing business, whether or not on a regular basis or as an organized business concern, in one or more of the capacities listed in 31 CFR 103.11(uu)(1) through (5). The term does not include a bank or a person registered with, and regulated or examined by, the Securities and Exchange

Commission or the Commodity Futures Trading Commission.

§ 561.318 Petroleum.

The term *petroleum* (also known as crude oil) means a mixture of hydrocarbons that exists in liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities.

[78 FR 16408, Mar. 15, 2013]

§ 561.319 Petroleum products.

The term *petroleum products* includes unfinished oils, liquefied petroleum gases, pentanes plus, aviation gasoline, motor gasoline, naphtha-type jet fuel, kerosene-type jet fuel, kerosene, distillate fuel oil, residual fuel oil, petrochemical feedstocks, special naphthas, lubricants, waxes, petroleum coke, asphalt, road oil, still gas, and miscellaneous products obtained from the processing of crude oil (including lease condensate), natural gas, and other hydrocarbon compounds. The term does not include natural gas, liquefied natural gas, biofuels, methanol, and other non-petroleum fuels.

§ 561.320 Iranian financial institution.

The term *Iranian financial institution* means any entity (including foreign branches), wherever located, organized under the laws of Iran or any jurisdiction within Iran, or owned or controlled by the Government of Iran, or in Iran, or owned or controlled by any of the foregoing, that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes but is not limited to depository institutions, banks, savings banks, money service businesses, trust companies, insurance companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, dealers in precious metals,

stones, or jewels, and holding companies, affiliates, or subsidiaries of any of the foregoing.

[77 FR 66920, Nov. 8, 2012]

§ 561.321 Government of Iran.

The term *Government of Iran* includes:

(a) The state and the Government of Iran, as well as any political subdivision, agency, or instrumentality thereof;

(b) Any entity owned or controlled directly or indirectly by the foregoing;

(c) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, acting or purporting to act directly or indirectly on behalf of any of the foregoing; and

(d) Any person or entity identified by the Secretary of the Treasury to be the Government of Iran under 31 CFR part 560.

§ 561.322 Entity owned or controlled by the Government of Iran.

The phrase *entity owned or controlled by the Government of Iran* means any entity, including a financial institution, in which the Government of Iran owns a 50 percent or greater interest or a controlling interest, and any entity, including a financial institution, which is otherwise controlled by that government.

§ 561.323 Foreign financial institution owned or controlled by the government of a foreign country.

The phrase *foreign financial institution owned or controlled by the government of a foreign country* means any foreign financial institution, including a central bank of a foreign country, in which a government of a foreign country owns a 50 percent or greater interest and any foreign financial institution which is otherwise controlled by a government of a foreign country.

§ 561.324 Designated Iranian financial institution.

The term *designated Iranian financial institution* means any Iranian financial institution whose property and interests in property are blocked by the Department of the Treasury pursuant to

any part of this chapter or any Executive order issued pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) and whose name is listed on the Specially Designated Nationals and Blocked Persons List on the Office of Foreign Assets Control's Web site, except for any Iranian financial institution whose property and interests in property are blocked solely pursuant to Executive Order 13599 of February 5, 2012.

NOTE TO § 561.324: Facilitating significant transactions or providing significant financial services for a financial institution whose property and interests in property are blocked pursuant to parts 544 or 594 of this chapter in connection with Iran's proliferation of weapons of mass destruction or delivery systems for weapons of mass destruction or Iran's support for international terrorism has, since the enactment of CISADA on July 1, 2010, constituted an activity that could subject a foreign financial institution to prohibitions or strict conditions on correspondent accounts or payable-through accounts in the United States. See § 561.201.

§ 561.325 Financial transaction.

The term *financial transaction* means any transfer of value involving a financial institution.

§ 561.326 Privately owned foreign financial institution.

The phrase *privately owned foreign financial institution* means any foreign financial institution that is not owned or controlled by the government of a foreign country.

§ 561.327 Agricultural commodities, food, medicine, and medical devices.

(a) The term *agricultural commodities* means:

(1) Products not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1, that fall within the term "agricultural commodity" as defined in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602); and

(2) Products not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1, that are intended for ultimate use in Iran as:

(i) Food for humans (including raw, processed, and packaged foods; live animals; vitamins and minerals; food additives or supplements; and bottled drinking water) or animals (including animal feeds);

(ii) Seeds for food crops;

(iii) Fertilizers or organic fertilizers;

or

(iv) Reproductive materials (such as live animals, fertilized eggs, embryos, and semen) for the production of food animals.

(b) The term *food* means items that are intended to be consumed by and provide nutrition to humans or animals in Iran, including vitamins and minerals, food additives and supplements, and bottled drinking water, and seeds that germinate into items that are intended to be consumed by and provide nutrition to humans or animals in Iran. For purposes of this definition, the term *food* does not include:

(1) Alcoholic beverages, cigarettes, gum, or fertilizer; and

(2) The following excluded food items: castor beans, castor bean seeds, raw eggs, fertilized eggs (other than fish and shrimp roe), dried egg albumin, live animals, Rosary/Jequirity peas, non-food-grade gelatin powder, and peptones and their derivatives.

(c) The term *medicine* has the same meaning given the term "drug" in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) but does not include any item listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified as EAR 99).

(d) The term *medical devices* has the meaning given the term "device" in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) but does not include any item listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified as EAR 99).

[77 FR 11726, Feb. 27, 2012, as amended at 78 FR 16408, Mar. 15, 2013]

§ 561.328 Reduce significantly, significantly reduced, and significant reduction.

The terms *reduce significantly*, *significantly reduced*, and *significant reduction*,

used with respect to purchases from Iran of petroleum and petroleum products, include a reduction in such purchases in terms of price or volume toward a complete cessation of such purchases.

[78 FR 16408, Mar. 15, 2013]

§ 561.329 Iran.

The term *Iran* means the Government of Iran and the territory of Iran and any other territory or marine area, including the exclusive economic zone and continental shelf, over which the Government of Iran claims sovereignty, sovereign rights, or jurisdiction, provided that the Government of Iran exercises partial or total de facto control over the area or derives a benefit from economic activity in the area pursuant to international arrangements.

[78 FR 16408, Mar. 15, 2013]

§ 561.330 Petrochemical products.

The term *petrochemical products* includes any aromatic, olefin, and synthesis gas, and any of their derivatives, including ethylene, propylene, butadiene, benzene, toluene, xylene, ammonia, methanol, and urea.

[78 FR 16409, Mar. 15, 2013]

Subpart D—Interpretations

§ 561.401 Reference to amended sections.

Except as otherwise specified, reference to any provision in or appendix to this part or chapter or to any regulation, ruling, order, instruction, directive, or license issued pursuant to this part refers to the same as currently amended.

§ 561.402 Effect of amendment.

Unless otherwise specifically provided, any amendment, modification, or revocation of any provision in or appendix to this part or chapter or of any order, regulation, ruling, instruction, or license issued by the Office of Foreign Assets Control does not affect any act done or omitted, or any civil or criminal proceeding commenced or pending, prior to such amendment, modification, or revocation. All pen-

alties, forfeitures, and liabilities under any such order, regulation, ruling, instruction, or license continue and may be enforced as if such amendment, modification, or revocation had not been made.

§ 561.403 Facilitation of certain efforts, activities, or transactions by foreign financial institutions.

For purposes of §§ 561.201, 561.203, and 561.204, the term *facilitate* or *facilitated* used with respect to certain efforts, activities, or transactions refers to the provision of assistance by a foreign financial institution for those efforts, activities, or transactions, including, but not limited to, the provision of currency, financial instruments, securities, or any other transmission of value; purchasing; selling; transporting; swapping; brokering; financing; approving; guaranteeing; or the provision of other services of any kind; or the provision of personnel; or the provision of software, technology, or goods of any kind.

[78 FR 16409, Mar. 15, 2013]

§ 561.404 Significant transaction or transactions; significant financial services; significant financial transaction.

In determining, for purposes of paragraph (a)(5) of § 561.201, whether a transaction is significant, whether transactions are significant, or whether financial services are significant, or, for purposes of paragraph (a) of § 561.203 and paragraph (b) of § 561.204, whether a financial transaction is significant, the Secretary of the Treasury may consider the totality of the facts and circumstances. As a general matter, the Secretary may consider some or all of the following factors:

(a) *Size, number, and frequency.* The size, number, and frequency of transactions, financial services, or financial transactions performed over a period of time, including whether the transactions, financial services, or financial transactions are increasing or decreasing over time and the rate of increase or decrease.

(b) *Nature.* The nature of the transaction(s), financial services, or financial transaction, including the type, complexity, and commercial purpose of

the transaction(s), financial services, or financial transaction.

(c) *Level of Awareness; Pattern of Conduct.* (1) Whether the transaction(s), financial services, or financial transaction is performed with the involvement or approval of management or only by clerical personnel; and (2) Whether the transaction(s), financial services, or financial transaction is part of a pattern of conduct or the result of a business development strategy.

(d) *Nexus.* The proximity between the foreign financial institution engaging in the transaction(s) or providing the financial services and a blocked person described in paragraph (a)(5) of § 561.201, or between the foreign financial institution conducting or facilitating the financial transaction described in paragraph (a) of § 561.203 and the Central Bank of Iran or a designated Iranian financial institution, as defined in § 561.324, or between the foreign financial institution conducting or facilitating the financial transaction described in paragraph (b) of § 561.204 and the National Iranian Oil Company (“NIOC”), the Naftiran Intertrade Company (“NICO”), any entity owned or controlled by, or operating for or on behalf of, NIOC or NICO, or the activities described in paragraphs (b)(2) and (b)(3) of that section. For example, a transaction or financial service in which a foreign financial institution provides brokerage or clearing services to, or maintains an account or makes payments for, a blocked person described in paragraph (a)(5) of § 561.201, the Central Bank of Iran, a designated Iranian financial institution, NIOC, or NICO in a direct customer relationship generally would be of greater significance than a transaction or financial service a foreign financial institution conducts for or provides to a blocked person described in paragraph (a)(5) of § 561.201, the Central Bank of Iran, a designated Iranian financial institution, NIOC, or NICO indirectly or in a tertiary relationship.

(e) *Impact.* The impact of the transaction(s) or financial services on the objectives of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, as amended by the Iran Threat Reduction and Syria

Human Rights Act of 2012 (“TRA”), or of the financial transaction on the objectives of the National Defense Authorization Act for Fiscal Year 2012, as amended by TRA, or of the financial transaction on the objectives of Executive Order 13622 of July 30, 2012, including:

(1) The economic or other benefit conferred or attempted to be conferred on a blocked person described in paragraph (a)(5) of § 561.201, on the Central Bank of Iran or a designated Iranian financial institution, or on NIOC, NICO, any entity owned or controlled by, or operating for or on behalf of, NIOC or NICO, or any person engaged in the activities described in paragraphs (b)(2) and (b)(3) of § 561.204;

(2) Whether and how the transaction(s), financial services, or financial transaction contributes to the proliferation of weapons of mass destruction or delivery systems for such weapons, to support for international terrorism, to the suppression of human rights, to an increase in Iran’s crude oil revenues, or to connecting the Central Bank of Iran or a designated Iranian financial institution to the international financial system; and

(3) Whether the transaction(s), financial services, or financial transaction supports humanitarian activity or involves the payment of basic expenses as specified in and authorized pursuant to UNSC Resolution 1737 or the payment of extraordinary expenses that have been authorized by the Sanctions Committee established pursuant to UNSC Resolution 1737, or the payment for the sale of food, medicine, or medical devices to Iran.

(f) *Deceptive practices:* Whether the transaction(s), financial services, or financial transaction involves an attempt to obscure or conceal the actual parties or true nature of the transaction(s), financial services, or financial transaction or to evade sanctions; for example, whether the transaction enabled the Central Bank of Iran to facilitate the evasion of sanctions by a blocked person described in § 561.201(a)(5) or a designated Iranian financial institution, as defined in § 561.324.

(g) *Central Bank of Iran Reserves, Settlement Services, Foreign Currency Exchanges, and Official Development Assistance Repayment*: Other factors involved in making a determination of whether a transaction(s), financial service, or financial transaction is significant are whether the transaction solely involves the passive holding of Central Bank of Iran reserves by a foreign financial institution; whether the Central Bank of Iran's role is limited to providing settlement services or foreign currency exchanges in transactions between a non-designated Iranian financial institution and a foreign financial institution; and whether the transaction involves only the repayment of official development assistance by the Central Bank of Iran or the transfer of funds required as a condition of Iran's membership in an international financial institution.

(h) *Other relevant factors*. Such other factors that the Secretary deems relevant on a case-by-case basis in determining the significance of a transaction(s), financial services, or financial transaction.

[77 FR 11726, Feb. 27, 2012, as amended at 78 FR 16409, Mar. 15, 2013]

§ 561.405 Entities owned by a person whose property and interests in property are blocked.

A person whose property and interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) has an interest in all property and interests in property of an entity in which it owns, directly or indirectly, a 50 percent or greater interest. The property and interests in property of such an entity, therefore, are blocked, and such an entity is a person whose property and interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), regardless of whether the entity itself is listed on the Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List.

§ 561.406 Country with primary jurisdiction over the foreign financial institution.

For purposes of § 561.203(i) and § 561.204(f), a country includes any jurisdiction that has its own central bank or contains a separate financial sector authority, and a foreign financial institution (including its foreign branches outside of the United States) is under a country's primary jurisdiction if the foreign financial institution is organized under the laws of the country or any jurisdiction within that country.

[78 FR 16409, Mar. 15, 2013]

§ 561.407 Conducting or facilitating a financial transaction with the Central Bank of Iran or a designated Iranian financial institution.

A foreign financial institution conducts or facilitates a financial transaction with the Central Bank of Iran or a designated Iranian financial institution if it maintains an account for such entities or engages in a financial transaction directly or indirectly with such entities.

NOTE TO § 561.407: See § 561.404 for factors that may be considered in determining whether a financial transaction is significant, as required for the imposition of certain sanctions pursuant to this part.

§ 561.408 Goods or services originating in a country.

(a) Goods originating in a country are goods that have been grown, produced, manufactured, extracted, or processed, and goods that have been substantially transformed, in the country.

(b) Services originating in a country are services performed in that country or services performed in the country to which the services are being exported by a citizen, national, or permanent resident of the country from which the services originate who is ordinarily resident in that country.

(c) For purposes of this part, services originating in a country do not include the brokering of transactions for the sale and exportation of goods or services not originating in that country.

[78 FR 16409, Mar. 15, 2013]

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

§ 561.501 General and specific licensing procedures.

For provisions relating to licensing procedures, see part 501, subpart E of this chapter. Licensing actions taken pursuant to part 501 of this chapter with respect to the prohibitions contained in this part or conditions imposed pursuant to this part are considered actions taken pursuant to this part.

§ 561.502 Effect of license or authorization.

(a) No license or other authorization contained in this part, or otherwise issued by the Office of Foreign Assets Control, authorizes or validates any transaction effected prior to the issuance of such license or other authorization, unless specifically provided in such license or authorization.

(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Office of Foreign Assets Control and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transaction prohibited by any other part of this chapter unless the regulation, ruling, instruction, or license specifically refers to such part.

(c) Any regulation, ruling, instruction, or license authorizing any transaction otherwise prohibited under this part has the effect of removing a prohibition contained in this part from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction, or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

§ 561.503 Exclusion from licenses.

The Office of Foreign Assets Control reserves the right to exclude any person, property, or transaction from the operation of any license or from the

privileges conferred by any license. The Office of Foreign Assets Control also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon actual or constructive notice of the exclusions or restrictions.

§ 561.504 Transactions related to closing a correspondent account or payable-through account.

(a) During the 10-day period beginning on the effective date of the prohibition in § 561.201(c), § 561.203(c)(2), or § 561.204(c)(2) on the maintaining of a correspondent account or a payable-through account for a foreign financial institution whose name is added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), which is maintained on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac), U.S. financial institutions that maintain correspondent accounts or payable-through accounts for the foreign financial institution are authorized to:

(1) Process only those transactions through the account, or permit the foreign financial institution to execute only those transactions through the account, that are for the purpose of, and necessary for, closing the account; and

(2) Transfer the funds remaining in the correspondent account or the payable-through account to an account of the foreign financial institution located outside of the United States and close the correspondent account or the payable-through account.

(b) A report must be filed with the Office of Foreign Assets Control within 30 days of the closure of an account, providing full details on the closing of each correspondent account or payable-through account maintained by a U.S. financial institution for a foreign financial institution whose name is added to the CAPTA List, maintained on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac). Such report must include complete information on the closing of the account and on all transactions processed or executed through the account pursuant to this section, including the account

outside of the United States to which funds remaining in the account were transferred. Reports should be addressed to the attention of the Sanctions, Compliance & Evaluations Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue NW., Washington, DC 20220.

(c) Specific licenses may be issued on a case-by-case basis to authorize transactions by a U.S. financial institution with respect to a correspondent account or a payable-through account maintained by the U.S. financial institution for a foreign financial institution whose name is added to the CAPTA List, that are outside the scope of the transactions authorized in paragraph (a) of this section and/or that occur beyond the 10-day period authorized in that paragraph. License applications should be filed in conformance with § 501.801 of the Reporting, Procedures and Penalties Regulations, 31 CFR part 501.

(d) Nothing in this section authorizes the opening of a correspondent account or a payable-through account for a foreign financial institution whose name appears on the CAPTA List.

NOTE TO § 561.504: This section does not authorize a U.S. financial institution to unblock property or interests in property, or to engage in any transaction or dealing in property or interests in property, blocked pursuant to any other part of this chapter, in the process of closing a correspondent account or a payable-through account for a foreign financial institution whose name has been added to the CAPTA List, maintained on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac). See § 561.101.

[77 FR 11726, Feb. 27, 2012, as amended at 78 FR 16409, Mar. 15, 2013; 84 FR 9457, Mar. 15, 2019]

Subpart F—Reports

§ 561.601 Records and reports.

For provisions relating to required records and reports, see part 501, subpart C, of this chapter.

Subpart G—Penalties

§ 561.701 Penalties.

(a) *Civil Penalties.* (1) As set forth in section 104(c) of the Comprehensive

Iran Sanctions, Accountability, and Divestment Act of 2010 (Pub. L. 111-195) (22 U.S.C. 8501-8551) ("CISADA") and section 1245(g)(2) of the National Defense Authorization Act for Fiscal Year 2012 (Pub. L. 112-81) (22 U.S.C. 8513a) ("2012 NDAA"), a civil penalty not to exceed the amount set forth in section 206(b) of the International Emergency Economic Powers Act ("IEEPA") (50 U.S.C. 1705(b)) may be imposed on any person who violates, attempts to violate, conspires to violate, or causes a violation of any prohibition contained in § 561.201 or § 561.203 or of any order, regulation, or license set forth in or issued pursuant to this part concerning such prohibitions.

(2) As set forth in section 104(d) of CISADA, a civil penalty not to exceed the amount set forth in section 206(b) of IEEPA may be imposed on a U.S. financial institution if:

(i) A person owned or controlled by the U.S. financial institution violates, attempts to violate, conspires to violate, or causes a violation of the prohibition in § 561.202 or of any order, regulation, or license set forth in or issued pursuant to this part concerning such prohibition; and

(ii) The U.S. financial institution knew or should have known that the person violated, attempted to violate, conspired to violate, or caused a violation of such prohibition.

(3) Pursuant to section 206 of IEEPA (50 U.S.C. 1705), which is applicable to violations of the provisions of any license, ruling, regulation, order, directive, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury under IEEPA, a civil penalty not to exceed the amount set forth in section 206(b) of IEEPA may be imposed on any person who violates, attempts to violate, conspires to violate, or causes a violation of any prohibition contained in § 561.204 or of any order, regulation, or license set forth in or issued pursuant to this part concerning such prohibition.

(4) The applicable maximum civil penalty per violation of IEEPA is the greater of \$302,584 or an amount that is twice the amount of the transaction that is the basis of the violation with

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respect to which the penalty is imposed.

(b) *Criminal Penalty.* (1) As set forth in section 104(c) of CISADA and section 1245(g)(2) of the 2012 NDAA, a person who willfully commits, willfully attempts to commit, or willfully conspires to commit, or aids or abets in the commission of a violation of any prohibition contained in §§561.201 or 561.203 shall, upon conviction, be fined not more than \$1,000,000, or if a natural person, be imprisoned for not more than 20 years, or both.

(2) Pursuant to section 206 of IEEPA (50 U.S.C. 1705), a person who willfully commits, willfully attempts to commit, or willfully conspires to commit, or aids or abets in the commission of a violation of any prohibition contained in §561.204 or of any order, regulation, or license set forth in or issued pursuant to this part concerning such prohibition may, upon conviction, be fined not more than \$1,000,000, or if a natural person, be imprisoned for not more than 20 years, or both.

(c) *Adjustments to penalty amounts.* (1) The civil penalties provided in IEEPA are subject to adjustment pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410, as amended, 28 U.S.C. 2461 note).

(2) The criminal penalties provided in IEEPA are subject to adjustment pursuant to 18 U.S.C. 3571.

(d) Attention is also directed to 18 U.S.C. 1001, which provides that “whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact; makes any materially false, fictitious, or fraudulent statement or representation; or makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry” shall be fined under title 18, United States Code, imprisoned, or both.

(e) Violations of this part may also be subject to relevant provisions of other applicable laws.

[77 FR 11726, Feb. 27, 2012, as amended at 78 FR 16410, Mar. 15, 2013; 81 FR 43076, July 1, 2016; 82 FR 10438, Feb. 10, 2017; 83 FR 11879, Mar. 19, 2018; 84 FR 27718, June 14, 2019]

§561.702 Pre-Penalty Notice; settlement.

(a) *When required.* If the Office of Foreign Assets Control has reason to believe that there has occurred a violation of any provision of this part or a violation of the provisions of any license, ruling, regulation, order, direction, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under IEEPA and determines that a civil monetary penalty may be warranted, the Office of Foreign Assets Control may issue a Pre-Penalty Notice informing the alleged violator of the agency’s intent to impose a monetary penalty. A Pre-Penalty Notice shall be in writing. The Pre-Penalty Notice may be issued whether or not another agency has taken any action with respect to the matter. For a description of the contents of a Pre-Penalty Notice, see appendix A to part 501 of this chapter.

(b)(1) *Right to respond.* An alleged violator has the right to respond to a Pre-Penalty Notice by making a written presentation to the Office of Foreign Assets Control. For a description of the information that should be included in such a response, see appendix A to part 501 of this chapter.

(2) *Deadline for response.* A response to a Pre-Penalty Notice must be made within 30 days of the date of service of the Pre-Penalty Notice. The failure to submit a response within the applicable time period set forth in this paragraph shall be deemed to be a waiver of the right to respond.

(i) *Computation of time for response.* A response to a Pre-Penalty Notice must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier service provider (if transmitted to the Office of Foreign Assets Control by courier) on or before the 30th day after the postmark date on the envelope in which the Pre-Penalty Notice was

mailed. If the Pre-Penalty Notice was personally delivered by a non-U.S. Postal Service agent authorized by the Office of Foreign Assets Control, a response must be postmarked or date-stamped on or before the 30th day after the date of delivery.

(ii) *Extensions of time for response.* If a due date falls on a federal holiday or weekend, that due date is extended to include the following business day. Any other extensions of time will be granted, at the discretion of the Office of Foreign Assets Control, only upon specific request to the Office of Foreign Assets Control.

(3) *Form and method of response.* A response to a Pre-Penalty Notice need not be in any particular form, but it must be typewritten and signed by the alleged violator or a representative thereof, must contain information sufficient to indicate that it is in response to the Pre-Penalty Notice, and must include the Office of Foreign Assets Control identification number listed on the Pre-Penalty Notice. A copy of the written response may be sent by facsimile, but the original also must be sent to the Office of Foreign Assets Control Enforcement Division by mail or courier and must be postmarked or date-stamped in accordance with paragraph (b)(2) of this section.

(c) *Settlement.* Settlement discussion may be initiated by the Office of Foreign Assets Control, the alleged violator, or the alleged violator's authorized representative. For a description of practices with respect to settlement, see appendix A to part 501 of this chapter.

(d) *Guidelines.* Guidelines for the imposition or settlement of civil penalties by the Office of Foreign Assets Control are contained in appendix A to part 501 of this chapter.

(e) *Representation.* A representative of the alleged violator may act on behalf of the alleged violator, but any oral communication with the Office of Foreign Assets Control prior to a written submission regarding the specific allegations contained in the Pre-Penalty Notice must be preceded by a written letter of representation, unless the Pre-Penalty Notice was served upon the alleged violator in care of the representative.

§ 561.703 Penalty imposition.

If, after considering any timely written response to the Pre-Penalty Notice and any relevant facts, the Office of Foreign Assets Control determines that there was a violation by the alleged violator named in the Pre-Penalty Notice and that a civil monetary penalty is appropriate, the Office of Foreign Assets Control may issue a Penalty Notice to the violator containing a determination of the violation and the imposition of the monetary penalty. For additional details concerning issuance of a Penalty Notice, see appendix A to part 501 of this chapter. The issuance of the Penalty Notice shall constitute final agency action. The violator has the right to seek judicial review of that final agency action in federal district court.

§ 561.704 Administrative collection; referral to United States Department of Justice.

In the event that the violator does not pay the penalty imposed pursuant to this part, the matter may be referred for administrative collection measures by the Department of the Treasury or to the United States Department of Justice for appropriate action to recover the penalty in a civil suit in a federal district court.

Subpart H—Procedures

§ 561.801 Procedures.

For license application procedures and procedures relating to amendments, modifications, or revocations of licenses; administrative decisions; rulemaking; and requests for documents pursuant to the Freedom of Information and Privacy Acts (5 U.S.C. 552 and 552a), see part 501, subpart E, of this chapter.

§ 561.802 Delegation by the Secretary of the Treasury.

Any action that the Secretary of the Treasury is authorized to take pursuant to subsections 104(c), (d), (h), or (i), or section 104A of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Pub. L. 111-195) (22 U.S.C. 8501-8551), as amended by the Iran Threat Reduction and Syria Human Rights Act of 2012 (Pub. L. 112-

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158) (22 U.S.C. 8701-8795), pursuant to section 8 of Executive Order 13553 of September 23, 2010 (75 FR 60567, October 1, 2010), pursuant to section 10 of Executive Order 13599 of February 5, 2012 (77 FR 6659, February 8, 2012), pursuant to sections 1 and 12 of Executive Order 13622 of July 30, 2012 (77 FR 45897, August 2, 2012), or pursuant to section 16 of Executive Order 13628 of October 9, 2012 (77 FR 62139, October 12, 2012), and any action of the Secretary of the Treasury described in this part, may be taken by the Director of the Office of Foreign Assets Control or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

[78 FR 16410, Mar. 5, 2013]

§ 561.803 Consultations.

In implementing sections 104 and 104A of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Pub. L. 111-195) (22 U.S.C. 8501-8551), as amended by the Iran Threat Reduction and Syria Human Rights Act of 2012 (Pub. L. 112-158) (22 U.S.C. 8701-8795), the Secretary of the Treasury shall consult with the Secretary of State and may, in the sole discretion of the Secretary of the Treasury, consult with such other agencies and departments and such other interested parties as the Secretary considers appropriate.

[78 FR 16410, Mar. 15, 2013]

Subpart I—Paperwork Reduction Act

§ 561.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of the information collections relating to the recordkeeping and reporting requirements of § 561.601, licensing procedures (including those pursuant to statements of licensing policy), and other procedures, see § 501.901 of this chapter. The information collection in § 561.504(b) has been approved by OMB and assigned control number 1505-0243. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of

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information unless it displays a valid control number assigned by OMB.

PART 562—IRANIAN HUMAN RIGHTS ABUSES SANCTIONS REGULATIONS

Subpart A—Relation of This Part to Other Laws and Regulations

Sec.
562.101 Relation of this part to other laws and regulations.

Subpart B—Prohibitions

562.201 Prohibited transactions.
562.202 Effect of transfers violating the provisions of this part.
562.203 Holding of funds in interest-bearing accounts; investment and reinvestment.

Subpart C—General Definitions

562.301 Blocked account; blocked property.
562.302 Effective date.
562.303 Entity.
562.304 Interest.
562.305 Licenses; general and specific.
562.306 Person.
562.307 Property; property interest.
562.308 Transfer.
562.309 United States.
562.310 U.S. financial institution.
562.311 United States person; U.S. person.

Subpart D—Interpretations

562.401 [Reserved]
562.402 Effect of amendment.
562.403 Termination and acquisition of an interest in blocked property.
562.404 Transactions ordinarily incident to a licensed transaction authorized.
562.405 Setoffs prohibited.
562.406 Entities owned by a person whose property and interests in property are blocked.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

562.501-562.502 [Reserved]
562.503 Exclusion from licenses.
562.504 Payments and transfers to blocked accounts in U.S. financial institutions.
562.505 Entries in certain accounts for normal service charges authorized.
562.506 Provision of certain legal services authorized.
562.507 Authorization of emergency medical services.

Subparts F-G [Reserved]

Rules and Regulations

Federal Register

Vol. 84, No. 152

Wednesday, August 7, 2019

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents.

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Parts 561 and 562

Iranian Financial Sanctions Regulations and Iranian Human Rights Abuses Sanctions Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (OFAC) is amending the Iranian Financial Sanctions Regulations, changing the heading of the Iranian Human Rights Abuses Sanctions Regulations to the Iranian Sector and Human Rights Abuses Sanctions Regulations, and amending the renamed Iranian Sector and Human Rights Abuses Sanctions Regulations to implement Executive Order 13871 of May 8, 2019 ("Imposing Sanctions With Respect to the Iron, Steel, Aluminum and Copper Sectors of Iran").

DATES: *Effective Date:* August 7, 2019.

FOR FURTHER INFORMATION CONTACT:

OFAC: Assistant Director for Licensing, 202-622-2480; Assistant Director for Regulatory Affairs, 202-622-4855; or Assistant Director for Sanctions Compliance & Evaluation, 202-622-2490.

SUPPLEMENTARY INFORMATION:

Electronic Availability

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

Background

On August 16, 2010, OFAC issued the Iranian Financial Sanctions Regulations, 31 CFR part 561 (75 FR 49836, August 16, 2010) (IFSR) to implement provisions of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Pub. L. 111-

195) (22 U.S.C. 8501-8551). Since then, OFAC has amended the IFSR several times.

On February 11, 2011, OFAC issued the Iranian Human Rights Abuses Sanctions Regulations, 31 CFR part 562 (76 FR 7695, February 11, 2011) (Iranian Human Rights Regulations) to implement Executive Order 13553 of September 28, 2010 (75 FR 60567, October 1, 2010) (E.O. 13553). The Iranian Human Rights Regulations were published in abbreviated form for the purpose of providing immediate guidance to the public. OFAC amended the Iranian Human Rights Regulations on June 30, 2011 (76 FR 38534, June 30, 2011).

On May 8, 2019, the President, invoking the authority of, *inter alia*, the International Emergency Economic Powers Act (50 U.S.C. 1701-1706) (IEEPA), issued Executive Order 13871 (84 FR 20761, May 10, 2019) (E.O. 13871). In E.O. 13871, the President found that it remains the policy of the United States to deny Iran all paths to both a nuclear weapon and intercontinental ballistic missiles, and to counter the totality of Iran's malign influence in the Middle East. He also found it is the policy of the United States to deny the Iranian government revenue, including revenue derived from the export of products from Iran's iron, steel, aluminum, and copper sectors, that may be used to provide funding and support for the proliferation of weapons of mass destruction, terrorist groups and networks, campaigns of regional aggression, and military expansion. In light of these findings, the President issued E.O. 13871 in order to take further steps with respect to the national emergency declared with respect to the actions and policies of the Government of Iran in Executive Order 12957 of March 15, 1995 (60 FR 14615, March 17, 1995), and to supplement the authorities provided in the Iran Freedom and Counter-Proliferation Act of 2012 (subtitle D of title XII of Pub. L. 112-239).

Section 1(a) of E.O. 13871 blocks, with certain exceptions, all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of any U.S. person or any person determined by the Secretary of the Treasury, in

consultation with the Secretary of State:

(i) To be operating in the iron, steel, aluminum, or copper sector of Iran, or to be a person that owns, controls, or operates an entity that is part of the iron, steel, aluminum, or copper sector of Iran; (ii) to have knowingly engaged, on or after May 8, 2019, in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran; (iii) to have knowingly engaged, on or after May 8, 2019, in a significant transaction for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; (iv) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, any person whose property and interests in property are blocked pursuant to section 1 of E.O. 13871; or (v) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to section 1 of E.O. 13871. The property and interests in property of the persons described above may not be transferred, paid, exported, withdrawn, or otherwise dealt in.

Section 2(a) of E.O. 13871 authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to impose certain sanctions on a foreign financial institution (FFI) upon determining the FFI has, on or after May 8, 2019, knowingly conducted or facilitated any significant financial transaction: (i) For the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran; (ii) for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; or (iii) for or on behalf of any person whose property and interests in property are blocked pursuant to E.O. 13871. Section 2(b) of E.O. 13871 provides that, with respect to any FFI determined to meet any of the criteria section 2(a)(i) through (iii) of E.O. 13871, the Secretary of the Treasury may prohibit the opening, and prohibit or impose strict conditions on

the maintaining, in the United States of a correspondent account or payable-through account by such FFI.

In Section 3 of E.O. 13871, the President determined that the making of donations of certain articles, such as food, clothing, and medicine, intended to be used to relieve human suffering, as specified in section 203(b)(2) of IEEPA (50 U.S.C. 1702(b)(2)), by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to E.O. 13871 would seriously impair his ability to deal with the national emergency declared in E.O. 12957. The President therefore prohibited the donation of such items unless authorized by OFAC.

Section 4 of E.O. 13871 provides that the prohibition on any transaction or dealing in blocked property or interests in property includes the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to E.O. 13871 and the receipt of any contribution or provision of funds, goods, or services from any such person.

Section 6 of E.O. 13871 prohibits any transaction that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in E.O. 13871, as well as any conspiracy formed to violate such prohibitions.

Section 7 of E.O. 13871 exempts transactions for the conduct of the official business of the Federal Government or the United Nations (including its specialized agencies, programmes, funds, and related organizations) by employees, grantees, or contractors thereof.

Section 10 of E.O. 13871 authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA, as may be necessary to carry out the purposes of E.O. 13871. Section 10 of E.O. 13871 also provides that the Secretary of the Treasury may, consistent with applicable law, redelegate any of these functions within the Department of the Treasury.

Section 12 of E.O. 13871 states that the measures taken pursuant to E.O. 13871 are in response to actions of the Government of Iran occurring after the conclusion of the 1981 Algiers Accords, and are intended solely as a response to those later actions.

As set forth in more detail below, OFAC is implementing the correspondent or payable-through

account sanctions set forth in section 2 of E.O. 13871 in the IFSR, 31 CFR part 561, and the blocking sanctions set forth in section 1 of E.O. 13871 in the Iranian Human Rights Regulations, 31 CFR part 562. Additionally, OFAC is renaming the Iranian Human Rights Regulations, 31 CFR part 562, as the Iranian Sector and Human Rights Abuses Sanctions Regulations (ISHR).

Amendments to the IFSR

OFAC is redesignating the existing § 561.205 as § 561.220 and adding a new § 561.205 to subpart B of the IFSR to implement the correspondent account or payable-through account sanctions in section 2 of E.O. 13871. Additionally, in subpart C, which defines key terms used throughout the IFSR, OFAC is adding new §§ 561.331 through 561.339 to provide definitions of aluminum, aluminum products, aluminum sector of Iran, copper, copper products, copper sector of Iran, iron, iron products, steel, steel products, iron sector of Iran, and steel sector of Iran. OFAC also is making conforming edits to § 561.301, relating to the effective date of applicable prohibitions, § 561.403, relating to facilitation, § 561.404, relating to determinations of significance, § 561.504, relating to an authorization for transactions related to closing a correspondent or payable-through account, and § 561.802, relating to the delegation of authority by the Secretary of the Treasury.

Changing the Heading of the Iranian Human Rights Regulations to the Iranian Sector and Human Rights Abuses Sanctions Regulations and Amending the Newly Renamed Regulations

OFAC is changing the heading of the Iranian Human Rights Abuses Regulations, 31 CFR part 562, to the Iranian Sector and Human Rights Abuses Sanctions Regulations (ISHR) and amending the renamed regulations to implement section 1 of E.O. 13871.

OFAC is adding a new § 562.204 to the ISHR to implement the blocking sanctions in section 1 of E.O. 13871. In subpart C of the ISHR, which defines key terms used throughout the ISHR, OFAC is adding new §§ 562.312 through 562.320 to provide definitions of aluminum, aluminum products, aluminum sector of Iran, copper, copper products, copper sector of Iran, iron, iron products, steel, steel products, iron sector of Iran, and steel sector of Iran. The definitions are the same as the corresponding definitions that are being added to the IFSR. In subpart D of the ISHR, which contains interpretive sections, OFAC is adding § 562.407

setting forth the types of factors that, as a general matter, the Secretary of the Treasury will consider in determining, for purposes of section 1(a)(ii) and 1(a)(iii) of Executive Order 13871, whether transactions are significant. OFAC also is making conforming edits to § 562.302, relating to the effective dates of applicable prohibitions, and § 562.802, relating to the delegation of authorities by the Secretary of the Treasury. Finally, the text of E.O. 13871 is being added to part 562 as appendix B. OFAC intends to supplement part 562 with a more comprehensive set of regulations, which may include additional interpretive and definitional guidance and additional general licenses and statements of licensing policy.

Public Participation

Because the amendment of the IFSR and the ISHR 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.

Paperwork Reduction Act

The collections of information related to § 561.601 of the IFSR and to the ISHR are contained in OFAC's Reporting, Procedures and Penalties Regulations, 31 CFR part 501. Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget (OMB) under control number 1505–0164. The collection of information in section 561.504 of the IFSR has been approved by OMB under control number 1505–0243. 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.

List of Subjects

31 CFR Part 561

Administrative practice and procedure, Aluminum, Banks, banking, Copper, correspondent account, Foreign Financial Institution, Iran, Iron, Metals, Payable-through account, Sanctions, Steel.

31 CFR Part 562

Administrative practice and procedure, Aluminum, Banks, banking, Blocking of assets, Copper, Iran, Iron, Metals, Sanctions, Steel.

For the reasons set forth in the preamble, the Department of the Treasury's Office of Foreign Assets Control amends 31 CFR chapter V as follows:

PART 561—IRANIAN FINANCIAL SANCTIONS REGULATIONS

■ 1. The authority citation for part 561 is revised to read as follows:

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110–96, 121 Stat. 1011 (50 U.S.C. 1705 note); Pub. L. 111–195, 124 Stat. 1312 (22 U.S.C. 8501–8551); Pub. L. 112–81, 125 Stat. 1298 (22 U.S.C. 8513a); Pub. L. 112–158, 126 Stat. 1214 (22 U.S.C. 8701–8795); E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 13553, 75 FR 60567, 3 CFR, 2010 Comp., p. 253; E.O. 13599, 77 FR 6659, 3 CFR, 2012 Comp., p. 215; E.O. 13846, 83 FR 38939; E.O. 13871, 84 FR 20761.

Subpart B—Prohibitions

§ 561.205 [Redesignated as § 561.220]

- 2. Redesignate § 561.205 as § 561.220.
- 3. Add new § 561.205 to read as follows:

§ 561.205 Metals-related sanctions on certain foreign financial institutions.

(a) *Imposition of sanctions.* Subject to the exemptions set forth in paragraph (d) of this section, upon a determination by the Secretary of the Treasury, in consultation with the Secretary of State, that a foreign financial institution has, on or after May 8, 2019, knowingly engaged in one or more of the activities described in paragraph (b) of this section, the Secretary of the Treasury may:

(1) Prohibit U.S. financial institutions from opening a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; and either

(2)(i) Prohibit U.S. financial institutions from maintaining a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; or

(ii) Impose one or more strict conditions on the maintaining of a correspondent account or payable-through account in the United States for the foreign financial institution with

respect to which the determination has been made.

Note 1 to paragraph (a): The name of any foreign financial institution with respect to which a determination has been made pursuant to this paragraph (a), along with the relevant sanctions to be imposed (prohibition(s) and/or strict condition(s)), will be added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), which is maintained on the Office of Foreign Assets Control's website (www.treasury.gov/ofac), and published in the **Federal Register**.

Note 2 to paragraph (a): See § 561.203(b) for examples of strict conditions that might be imposed, pursuant to paragraph (a)(2)(ii) of this section, on the maintaining of a correspondent account or payable-through account for a foreign financial institution with respect to which the Secretary of the Treasury's determination has been made.

(b) *Sanctionable activity.* A foreign financial institution has engaged in an activity described in this paragraph if it knowingly conducted or facilitated, on or after May 8, 2019, any significant financial transaction:

(1) For the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;

(2) For the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; or

(3) For or on behalf of any person whose property and interests in property are blocked pursuant to Executive Order 13871.

(c) *Prohibitions.* (1) A U.S. financial institution shall not open a correspondent account or payable-through account in the United States for a foreign financial institution for which the opening of such an account is prohibited pursuant to paragraph (a)(1) of this section.

(2) A U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution for which the maintaining of such an account is prohibited pursuant to paragraph (a)(2)(i) of this section.

(3) A U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution in a manner that is inconsistent with any strict condition imposed and in effect pursuant to paragraph (a)(2)(ii) of this section.

(4) The prohibitions in paragraphs (c)(1) through (c)(3) of this section apply except to the extent provided by regulations, orders, directives, or

licenses that may be issued pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to the effective date.

(d) *Exempt activity.* Nothing in this section shall apply to transactions for the conduct of the official business of the Federal Government or the United Nations (including its specialized agencies, programmes, funds, and related organizations) by employees, grantees, or contractors thereof.

Subpart C—General Definitions

■ 4. In § 561.301, revise paragraph (a) and add new paragraph (d) to read as follows:

§ 561.301 Effective date.

(a) The effective date of a prohibition or condition imposed pursuant to §§ 561.201, 561.203, 561.204, or 561.205 on the opening or maintaining of a correspondent account or a payable-through account in the United States by a U.S. financial institution for a particular foreign financial institution is the earlier of the date the U.S. financial institution receives actual or constructive notice of such prohibition or condition.

* * * * *

(d) For the purposes of this section, *constructive notice* is the date that notice of the blocking of the relevant person's property and interests in property is published in the **Federal Register**.

■ 5. Add § 561.331 through § 561.337 to read as follows:

Sec.

* * * * *

561.331	Aluminum, Aluminum products.
561.332	Aluminum sector of Iran.
561.333	Copper, Copper products.
561.334	Copper sector of Iran.
561.335	Iron, Iron products, Steel, Steel products.
561.336	Iron sector of Iran.
561.337	Steel sector of Iran.

* * * * *

§ 561.331 Aluminum, Aluminum products.

The terms *aluminum* and *aluminum products* mean any raw, semi-fabricated, fabricated, or finished form of aluminum or aluminum alloy of all grades, sizes, and thicknesses, including in the following forms: Ores and concentrates (e.g., bauxite and alumina); unwrought aluminum including ingots, slabs, and billets; powders and flakes; wrought aluminum including bars, rods, profiles, plates, sheets, strip, foil, tubes, and pipes; tube or pipe fittings; reservoirs, tanks, vats, and similar containers; wire, stranded wire, ropes, cables, and plaited band; castings,

stampings, and forgings; waste and scrap, including slag, and any aluminum and aluminum products produced from the melting or recycling of aluminum scrap.

§ 561.332 Aluminum sector of Iran.

The term *aluminum sector of Iran* means the mining, refining, processing, or manufacturing of aluminum or aluminum products in Iran.

§ 561.333 Copper, Copper products.

The terms *copper* and *copper products* mean any raw, semi-fabricated, fabricated, or finished form of copper or copper alloy of all grades, sizes, and thicknesses, including in the following forms: Ores and concentrates; copper mattes, cement copper (precipitated copper); refined, unrefined, wrought, or unwrought copper; billets; cathodes; bars, rods, profiles, plates, sheets, strips, foil, tubes, and pipes; tube and pipe fittings; powders and flakes; reservoirs, tanks, vats, and similar containers; wire, stranded wire, ropes, cables, and plaited band; castings, stampings, and forgings; and waste and scrap, including slag.

§ 561.334 Copper sector of Iran.

The term *copper sector of Iran* means the mining, refining, processing, or manufacturing of copper or copper products in Iran.

§ 561.335 Iron, Iron products, Steel, Steel products.

The terms *iron*, *iron products*, *steel*, and *steel products* mean any raw, semi-fabricated, fabricated, or finished form of iron, iron alloy, alloy steel, non-alloy steel, ferroalloys, pig iron, and spiegeleisen of all grades, sizes, and thicknesses, whether or not clad, plated, or coated, including in the following forms: Iron ores and concentrates including roasted iron pyrites; pigs and blocks; ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps or pellets; granules and powders; ingots, blooms billets, slabs, and beam blanks; flat-rolled products (plates, sheets, strips, and foils) either cut-to-length or in coils; bars, and rods; structural profiles (beams, channels, angles, and other shapes); sheet piling; railway or tramway track construction materials; tubes, pipes, and hollow profiles; tube or pipe fittings; reservoirs, tanks, vats, and similar containers; wire, stranded wire, ropes, cables, and plaited band; castings, stampings, and forgings; and ferrous waste and scrap, including slag.

§ 561.336 Iron sector of Iran.

The term *iron sector of Iran* means the mining, refining, processing, or

manufacturing of iron or iron products in Iran.

§ 561.337 Steel sector of Iran.

The term *steel sector of Iran* means the iron-ore smelting, ferrous-scrap melting, refining, processing, or manufacturing of steel or steel products in Iran.

Subpart D—Interpretations

■ 6. Revise § 561.403 to read as follows:

§ 561.403 Facilitation of certain efforts, activities, or transactions by foreign financial institutions.

For purposes of §§ 561.201, 561.203, 561.204, and 561.205, the term *facilitate* or *facilitated* used with respect to certain efforts, activities, or transactions refers to the provision of assistance by a foreign financial institution for those efforts, activities, or transactions, including the provision of currency, financial instruments, securities, or any other transmission of value; purchasing; selling; transporting; swapping; brokering; financing; approving; guaranteeing; or the provision of other services of any kind; or the provision of personnel; or the provision of software, technology, or goods of any kind.

■ 7. In § 561.404, revise the introductory paragraph to read as follows:

§ 561.404 Significant transaction or transactions; significant financial services; significant financial transaction.

In determining, for purposes of paragraph (a)(5) of § 561.201, whether a transaction is significant, whether transactions are significant, or whether financial services are significant, or, for purposes of paragraph (a) of § 561.203, paragraph (b) of § 561.204, and paragraph (b) of § 561.205 whether a financial transaction is significant, the Secretary of the Treasury may consider the totality of the facts and circumstances. As a general matter, the Secretary may consider some or all of the following factors:

* * * * *

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

■ 8. In § 561.504, revise the introductory paragraph to read as follows:

§ 561.504 Transactions related to closing a correspondent account or payable-through account.

(a) During the 10-day period beginning on the effective date of the prohibition in § 561.201(c), § 561.203(c)(2), § 561.204(c)(2), § 561.205(a), or § 561.205(c) on the maintaining of a correspondent account

or a payable-through account for a foreign financial institution whose name is added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), which is maintained on the Office of Foreign Assets Control's website (www.treasury.gov/ofac), U.S. financial institutions that maintain correspondent accounts or payable-through accounts for the foreign financial institution are authorized to:

* * * * *

Subpart H—Procedures

■ 9. Revise § 561.802 to read as follows:

§ 561.802 Delegation of certain authorities of the Secretary of the Treasury.

Any action that the Secretary of the Treasury is authorized to take pursuant to subsections 104(c), (d), (h), or (i), or section 104A of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Pub. L. 111–195) (22 U.S.C. 8501–8551), as amended by the Iran Threat Reduction and Syria Human Rights Act of 2012 (Pub. L. 112–158) (22 U.S.C. 8701–8795), pursuant to Executive Order 13553 of September 28, 2010 (75 FR 60567, October 1, 2010), Executive Order 13599 of February 5, 2012 (77 FR 6659, February 8, 2012), Executive Order 13846 of August 6, 2018 (83 FR 38939, August 7, 2018), Executive Order 13871 of May 8, 2019 (84 FR 20761, May 10, 2019), or any further Executive order relating to the national emergency declared in Executive Order 12957 of March 15, 1995, and any action of the Secretary of the Treasury described in this part, may be taken by the Director of the Office of Foreign Assets Control or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

PART 562—IRANIAN SECTOR AND HUMAN RIGHTS ABUSES SANCTIONS REGULATIONS

■ 10. Revise the heading of Part 562 to read as set forth above:

■ 11. The authority citation for part 562 is revised to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2332d; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110–96, 121 Stat. 1011 (50 U.S.C. 1705 note); Pub. L. 111–195, 124 Stat. 1312 (22 U.S.C. 8501–8551); E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 13553, 75 FR 60567, October 1, 2010; E.O. 13871, 84 FR 20761, May 10, 2019.

Subpart B—Prohibitions

- 12. Revise § 562.201 to read as follows:

§ 562.201 Prohibited transactions.

(a) All transactions prohibited pursuant to Executive Order 13553 are also prohibited pursuant to this part.

(b) All transactions prohibited pursuant to sections 1 and 6 of Executive Order 13871 are also prohibited pursuant to this part.

Note 1 to paragraph (b): Section 2 of Executive Order 13871 is implemented in section 561.205 of the Iranian Financial Sanctions Regulations, 31 CFR part 561.

Note 1 to § 562.201: The names of persons listed in or designated pursuant to Executive Order 13553, whose property and interests in property therefore are blocked pursuant to this section, are published in the **Federal Register** and incorporated into the Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List ("SDN List") with the identifier "[IRAN-HR]." The names of persons designated pursuant to section 1 of Executive Order 13871, whose property and interests in property therefore are blocked pursuant to this section, are published in the **Federal Register** and incorporated into the SDN List with the identifier "[IRAN-EO13871]." The SDN List is accessible through the following page on the Office of Foreign Assets Control's website: <http://www.treasury.gov/sdn>. Additional information pertaining to the SDN List can be found in appendix A to this chapter. See § 562.406 concerning entities that may not be listed on the SDN List but whose property and interests in property are nevertheless blocked pursuant to this section.

Note 2 to § 562.201: The International Emergency Economic Powers Act (50 U.S.C. 1701–1706), in Section 203 (50 U.S.C. 1702), authorizes the blocking of property and interests in property of a person during the pendency of an investigation. The names of persons whose property and interests in property are blocked pending investigation pursuant to Executive Order 13553 also are published in the **Federal Register** and incorporated into the SDN List with the identifier "[BPI-IRAN-HR]." The names of persons whose property and interests in property are blocked pending investigation pursuant to Executive Order 13871 also are published in the **Federal Register** and incorporated into the SDN List with the identifier "[BPI-IRAN-EO13871]."

Note 3 to § 562.201: Sections 501.806 and 501.807 of this chapter describe the procedures to be followed by persons seeking, respectively, the unblocking of funds that they believe were blocked due to mistaken identity, or administrative reconsideration of their status as persons whose property and interests in property are blocked pursuant to this section.

Subpart C—General Definitions

- 13. Revise § 562.302 to read as follows:

§ 562.302 Effective date.

(a) The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part as follows:

(1) With respect to a person listed in the Annex to Executive Order 13553, 12:01 a.m. eastern daylight time, September 29, 2010;

(2) With respect to a person whose property and interests in property are otherwise blocked pursuant to Executive Order 13553, the earlier of the date of actual or constructive notice that such person's property and interests in property are blocked; and

(3) With respect to a person whose property and interests in property are blocked pursuant to Executive Order 13871, the earlier of the date of actual or constructive notice that such person's property and interests in property are blocked.

(b) For the purposes of this section, *constructive notice* is the date that a notice of the blocking of the relevant person's property and interests in property is published in the **Federal Register**.

- 14. Add § 562.312 through § 562.318 to read as follows:

Sec.	*	*	*	*	*
562.312	Aluminum, Aluminum products.				
562.313	Aluminum sector of Iran.				
562.314	Copper, Copper products.				
562.315	Copper sector of Iran.				
562.316	Iron, Iron products, Steel, Steel products.				
562.317	Iron sector of Iran.				
562.318	Steel sector of Iran.				
	*	*	*	*	*

§ 562.312 Aluminum, Aluminum products.

The terms *aluminum* and *aluminum products* mean any raw, semi-fabricated, fabricated, or finished form of aluminum or aluminum alloy of all grades, sizes, and thicknesses, including in the following forms: Ores and concentrates (e.g., bauxite and alumina); unwrought aluminum including ingots, slabs, and billets; powders and flakes; wrought aluminum including bars, rods, profiles, plates, sheets, strip, foil, tubes, and pipes; tube or pipe fittings; reservoirs, tanks, vats, and similar containers; wire, stranded wire, ropes, cables, and plaited band; castings, stampings, and forgings; waste and scrap, including slag, and any aluminum and aluminum products produced from the melting or recycling of aluminum scrap.

§ 562.313 Aluminum sector of Iran.

The term *aluminum sector of Iran* means the mining, refining, processing, or manufacturing of aluminum or aluminum products in Iran.

§ 562.314 Copper, Copper products.

The terms *copper* and *copper products* mean any raw, semi-fabricated, fabricated, or finished form of copper or copper alloy of all grades, sizes, and thicknesses, including in the following forms: Ores and concentrates; copper mattes, cement copper (precipitated copper); refined, unwrought, wrought, or unwrought copper; billets; cathodes; bars, rods, profiles, plates, sheets, strips, foil, tubes, and pipes; tube and pipe fittings; powders and flakes; reservoirs, tanks, vats, and similar containers; wire, stranded wire, ropes, cables, and plaited band; castings, stampings, and forgings; and waste and scrap, including slag.

§ 562.315 Copper sector of Iran.

The term *copper sector of Iran* means the mining, refining, processing, or manufacturing of copper or copper products in Iran.

§ 562.316 Iron, Iron products, Steel, Steel products.

The terms *iron*, *iron products*, *steel*, and *steel products* mean any raw, semi-fabricated, fabricated, or finished form of iron, iron alloy, alloy steel, non-alloy steel, ferroalloys, pig iron, and spiegeleisen of all grades, sizes, and thicknesses, whether or not clad, plated, or coated, including in the following forms: Iron ores and concentrates, including roasted iron pyrites; pigs and blocks; ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps or pellets; granules and powders; ingots, blooms billets, slabs, and beam blanks; flat-rolled products (plates, sheets, strips, and foils) either cut-to-length or in coils; bars and rods; structural profiles (beams, channels, angles, and other shapes); sheet piling; railway or tramway track construction materials; tubes, pipes, and hollow profiles; tube or pipe fittings; reservoirs, tanks, vats, and similar containers; wire, stranded wire, ropes, cables, and plaited band; castings, stampings, and forgings; and ferrous waste and scrap, including slag.

§ 562.317 Iron sector of Iran.

The term *iron sector of Iran* means the mining, refining, processing, or manufacturing of iron or iron products in Iran.

§ 562.318 Steel sector of Iran.

The term *steel sector of Iran* means the iron-ore smelting, ferrous-scrap melting, refining, processing, or

manufacturing of steel or steel products in Iran.

Subpart D—Interpretations

- 15. Add § 562.407 to read as follows:

§ 562.407 Significant transaction or transactions.

In determining, for purposes of section 1(a)(ii) and 1(a)(iii) of Executive Order 13871, whether a transaction is significant, the Secretary of the Treasury may consider the totality of the facts and circumstances. As a general matter, the Secretary may consider some or all of the following factors:

(a) *Size, number, and frequency.* The size, number, and frequency of transactions performed, over a period of time, including whether the transactions are increasing or decreasing over time and the rate of increase or decrease.

(b) *Nature.* The nature of the transaction(s), or the goods or services for sale, supply, or transfer, including the type, complexity, and commercial purpose of the transaction(s), or the goods or services for sale, supply, or transfer.

(c) *Level of Awareness; Pattern of Conduct.* (1) Whether the transaction(s) is performed with the involvement or approval of management or only by clerical personnel; and

(2) Whether the transaction(s) is part of a pattern of conduct or the result of a business development strategy.

(d) *Nexus.* The proximity between the person that engaged in the transaction(s) and the activity described in sections 1(a)(ii) and (iii) of Executive Order 13871.

(e) *Impact.* The impact of the transaction(s) on the objectives of Executive Order 13871, including the economic or other benefit conferred or attempted to be conferred on Iran or the iron, steel, aluminum, and copper sectors of Iran.

(f) *Deceptive practices.* Whether the transaction(s) involves an attempt to obscure or conceal the actual parties or true nature of the transaction(s), or to evade sanctions.

(g) *Other relevant factors.* Such other factors that the Secretary deems relevant on a case-by-case basis in determining the significance of a transaction(s) or the sale, supply, or transfer of goods or services.

Subpart H—Procedures

- 16. Revise § 562.802 to read as follows:

§ 562.802 Delegation of certain authorities of the Secretary of the Treasury.

Any action that the Secretary of the Treasury is authorized to take pursuant

to Executive Order 13553 of September 28, 2010 (75 FR 60567, October 1, 2010), Executive Order 13871 of May 8, 2019 (84 FR 20761, May 10, 2019) and any further Executive orders relating to the national emergency declared in Executive Order 12957 of March 17, 1995, may be taken by the Director of Office of Foreign Assets Control or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

- 17. Add appendix B to part 562 to read as follows:

Appendix B to Part 562—Executive Order 13871 of May 8, 2019

Executive Order 13871 of May 8, 2019

Imposing Sanctions With Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), section 212(f) of the Immigration and Nationality Act of 1952 (8 U.S.C. 1182(f)), and section 301 of title 3, United States Code, I, DONALD J. TRUMP, President of the United States of America, find that: It remains the policy of the United States to deny Iran all paths to both a nuclear weapon and intercontinental ballistic missiles, and to counter the totality of Iran's malign influence in the Middle East. It is also the policy of the United States to deny the Iranian government revenue, including revenue derived from the export of products from Iran's iron, steel, aluminum, and copper sectors, that may be used to provide funding and support for the proliferation of weapons of mass destruction, terrorist groups and networks, campaigns of regional aggression, and military expansion.

In light of these findings and in order to take further steps with respect to the national emergency declared in Executive Order 12957 of March 15, 1995, and to supplement the authorities provided in the Iran Freedom and Counter-Proliferation Act of 2012 (subtitle D of title XII of Public Law 112–239), I hereby order:

Section 1. (a) All property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person of the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in: any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) To be operating in the iron, steel, aluminum, or copper sector of Iran, or to be a person that owns, controls, or operates an entity that is part of the iron, steel, aluminum, or copper sector of Iran;

(ii) to have knowingly engaged, on or after the date of this order, in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;

(iii) to have knowingly engaged, on or after the date of this order, in a significant transaction for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran;

(iv) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of any person whose property and interests in property are blocked pursuant to this section; or

(v) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this section.

(b) The prohibitions in this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted before the date of this order.

Sec. 2. (a) The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to impose on a foreign financial institution the sanctions described in subsection (b) of this section upon determining that the foreign financial institution has, on or after the date of this order, knowingly conducted or facilitated any significant financial transaction:

(i) For the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;

(ii) for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; or

(iii) for or on behalf of any person whose property and interests in property are blocked pursuant to this order.

(b) With respect to any foreign financial institution determined by the Secretary of the Treasury in accordance with this section to meet any of the criteria set forth in subsection (a)(i) through (a)(iii) of this section, the Secretary of the Treasury may prohibit the opening, and prohibit or impose strict conditions on maintaining, in the United States of a correspondent account or payable-through account by such foreign financial institution.

(c) The prohibitions in subsection (b) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted before the date of this order.

Sec. 3. I hereby determine that the making of donations of the types of articles specified in section 203(b)(2) of IEEPA (50 U.S.C. 1702(b)(2)) by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to this order would seriously impair my ability to deal with the national emergency declared in Executive Order 12957, and I hereby prohibit such donations as provided by this section.

Sec. 4. The prohibitions in section 1 of this order include:

(a) The making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to subsection (a) of that section; and

(b) the receipt of any contribution or provision of funds, goods, or services from any such person.

Sec. 5. The unrestricted immigrant and nonimmigrant entry into the United States of aliens determined to meet one or more of the criteria in subsection 1(a) of this order would be detrimental to the interests of the United States, and the entry of such persons into the United States, as immigrants or nonimmigrants, is therefore hereby suspended. Such persons shall be treated as persons covered by section 1 of Proclamation 8693 of July 24, 2011 (Suspension of Entry of Aliens Subject to United Nations Security Council Travel Bans and International Emergency Economic Powers Act Sanctions).

Sec. 6. (a) Any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

Sec. 7. Nothing in this order shall apply to transactions for the conduct of the official business of the Federal Government or the United Nations (including its specialized agencies, programmes, funds, and related organizations) by employees, grantees, or contractors thereof.

Sec. 8. For the purposes of this order:

(a) The term "entity" means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization;

(b) the term "foreign financial institution" means any foreign entity that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes, but is not limited to, depository institutions, banks, savings banks, money service businesses, trust companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, dealers in precious metals, stones, or jewels, and holding companies, affiliates, or subsidiaries of any of the foregoing. The term does not include the international financial institutions identified in 22 U.S.C. 262r(c)(2), the International Fund for Agricultural Development, the North American Development Bank, or any other international financial institution so notified by the Secretary of the Treasury;

(c) the term "Government of Iran" includes the Government of Iran, any political subdivision, agency, or instrumentality thereof, including the Central Bank of Iran, and any person owned or controlled by, or acting for or on behalf of, the Government of Iran;

(d) the term "Iran" means the Government of Iran and the territory of Iran and any other territory or marine area, including the exclusive economic zone and continental shelf, over which the Government of Iran claims sovereignty, sovereign rights, or jurisdiction, provided that the Government of Iran exercises partial or total de facto control over the area or derives a benefit from economic activity in the area pursuant to international arrangements;

(e) the term "knowingly," with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result;

(f) the term "person" means an individual or entity; and

(g) the term "United States person" means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

Sec. 9. For those persons whose property and interests in property are blocked pursuant to this order who might have a constitutional presence in the United States, I find that because of the ability to transfer funds or other assets instantaneously, prior notice to such persons of measures to be taken pursuant to this order would render those measures ineffectual. I therefore determine that for these measures to be effective in addressing the national emergency declared in Executive Order 12957, there need be no prior notice of a listing or determination made pursuant to section 1 of this order.

Sec. 10. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including adopting rules and regulations, and to employ all powers granted to the President by IEEPA as may be necessary to implement this order. The Secretary of the Treasury may, consistent with applicable law, redelegate any of these functions within the Department of the Treasury. All agencies shall take all appropriate measures within their authority to implement this order.

Sec. 11. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) The authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

Sec. 12. The measures taken pursuant to this order are in response to actions of the Government of Iran occurring after the conclusion of the 1981 Algiers Accords, and are intended solely as a response to those later actions.

Donald J. Trump

THE WHITE HOUSE,
May 8, 2019.

Dated: August 1, 2019.

Andrea Gacki,

Director, Office of Foreign Assets Control.

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DEPARTMENT OF DEFENSE

Office of the Secretary

32 CFR Part 96

[Docket ID: DOD-2019-OS-0055]

RIN 0790-AK27

Acquisition and Use of Criminal History Record Information by the Military Services

AGENCY: Office of the Under Secretary of Defense for Personnel and Readiness, DoD.

ACTION: Final rule.

SUMMARY: This final rule removes DoD's regulation addressing the acquisition and use of criminal history record information on potential applicants and recruits for the United States Armed Forces. That regulation articulated the Department's statutory authority to collect criminal background information from other government agencies including state and local governments, and it set forth internal standards for the use and protection of that information. Because that authority and those standards are set forth in current statute and internal policies, this part is not needed. Further, DoD utilizes a standardized form to request this criminal information, and any burden on the public attributable to the information collection is accounted for through the Paperwork Reduction Act process. Therefore, the regulation is unnecessary and can be removed from the CFR.

DATES: This rule is effective on August 7, 2019.

FOR FURTHER INFORMATION CONTACT: MAJ Maria Elizabeth Sanchez, 703-695-5527, maria.e.sanchez48.mil@mail.mil.

SUPPLEMENTARY INFORMATION: It has been determined that publication of this CFR part removal for public comment is unnecessary since it is based on removing information that paraphrases existing law and DoD internal procedures. Title 5 U.S.C. 9101 authorizes the Department to collect and properly use criminal history record information on potential recruits. Internal policies can be found in DoD Instruction 1304.02, "Accession