



## Office of Foreign Assets Control

### 31 CFR Part 594

#### Global Terrorism Sanctions Regulations

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

**ACTION:** Final rule.

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**SUMMARY:** The Department of the Treasury’s Office of Foreign Assets Control (OFAC) is adopting a final rule amending the Global Terrorism Sanctions Regulations to implement a September 9, 2019 counter-terrorism Executive order.

**DATES:** This rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**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.treas.gov/ofac](http://www.treas.gov/ofac).

##### **Background**

On June 6, 2003, OFAC issued the Global Terrorism Sanctions Regulations, 31 CFR part 594 (68 FR 34196, June 6, 2003) (“the Regulations”), to implement Executive Order (E.O.) 13224 of September 23, 2001, “Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism” (66 FR 49079, September 25, 2001). OFAC has amended the Regulations on several occasions.

On September 9, 2019, the President, invoking the authority of, *inter alia*, the International Emergency Economic Powers Act (50 U.S.C. 1701–1706) (IEEPA) and the United Nations Participation Act (22 U.S.C. 287c) (UNPA), issued E.O. 13886, “Modernizing Sanctions To Combat Terrorism” (84 FR 48041, September 12, 2019), effective September 10, 2019. In E.O. 13886, the President, finding it necessary to consolidate and enhance sanctions to combat acts of terrorism and threats of terrorism by foreign terrorists, terminated the national emergency declared in E.O. 12947 of January 23, 1995, “Prohibiting Transactions With Terrorists Who Threaten To Disrupt the Middle East Peace Process” (60 FR 5079, January 25, 1995), and revoked E.O. 12947, as amended by E.O. 13099 of August 20, 1998, “Prohibiting Transactions With Terrorists Who Threaten To Disrupt the Middle East Peace Process” (63 FR 45167, August 25, 1998). In addition, the President amended E.O. 13224, in order to build upon initial steps taken in E.O. 12947, to further strengthen and consolidate sanctions to combat the continuing threat posed by international terrorism, and in order to take additional steps to deal with the national emergency declared in E.O. 13224, with respect to the continuing and immediate threat of grave acts of terrorism and threats of terrorism committed by foreign terrorists, which include acts of terrorism that threaten the Middle East peace process.

Section 1 of E.O. 13886 replaces in its entirety section 1 of E.O. 13224, which had been amended by a number of prior Executive orders (E.O. 13224, as amended by all such authorities, is referred to herein as “amended E.O. 13224”), but does not amend the Annex to E.O. 13224, which was previously amended by E.O. 13268 of July 2, 2002, “Termination of Emergency With Respect to the Taliban and Amendment of Executive Order 13224 of September 23, 2001” (67 FR 44751, July 3, 2002) (“amended Annex to E.O. 13224”). New section 1(a) of amended E.O. 13224 blocks 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: (i) the persons listed in the

amended Annex to E.O. 13224; (ii) foreign persons determined by the Secretary of State, in consultation with the Secretary of the Treasury, the Attorney General, and the Secretary of Homeland Security: (A) to have committed or have attempted to commit, to pose a significant risk of committing, or to have participated in training to commit acts of terrorism that threaten the security of United States nationals or the national security, foreign policy, or economy of the United States; or (B) to be leader of an entity: (1) listed in the amended Annex to E.O. 13224; or (2) whose property and interests in property are blocked pursuant to a determination by the Secretary of State pursuant to amended E.O. 13224; (iii) persons determined by the Secretary of the Treasury, in consultation with the Secretary of State, the Secretary of Homeland Security, and the Attorney General: (A) to be owned, controlled, or directed by, or to have acted or purported to act for or on behalf of, directly or indirectly, or any person whose property and interests in property are blocked pursuant to amended E.O. 13224; (B) to own or control, directly or indirectly, any person whose property and interests in property are blocked pursuant to amended E.O. 13224; (C) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, an act of terrorism as defined in section 3(d) of amended E.O. 13224, or any person whose property and interests in property are blocked pursuant to amended E.O. 13224; (D) to have participated in training related to terrorism provided by any person whose property and interests in property are blocked pursuant to amended E.O. 13224; (E) to be a leader or official of an entity whose property and interests in property are blocked pursuant to: (1) a determination by the Secretary of the Treasury pursuant to amended E.O. 13224; or (2) section (a)(iv) of section 1 of amended E.O. 13224; or (F) to have attempted or conspired to engage in any of the activities described in sections (a)(iii)(A) through (E) of section 1 of amended E.O. 13224; and (iv) persons whose property and interests in property were blocked pursuant to E.O. 12947, as amended, on or after January 23, 1995 and remained blocked immediately prior to September 24, 2001 (the effective date of amended E.O. 13224). The

property and interests in property of the persons described above may not be transferred, paid, exported, withdrawn, or otherwise dealt in.

New section 1(b) of amended E.O. 13224 authorizes the Secretary of the Treasury to prohibit the opening, and prohibit or impose strict conditions on the maintaining, in the United States, of a correspondent account or payable-through account of any foreign financial institution that the Secretary of the Treasury, in consultation with the Secretary of State, has determined, on or after September 24, 2001 (the effective date of amended E.O. 13224), has knowingly conducted or facilitated any significant transaction on behalf of any person whose property and interests in property are blocked pursuant to amended E.O. 13224.

Section 2 of E.O. 13886 amends section 5 of E.O. 13224 by replacing the reference to section 1(d) with a reference to section 1(a)(iii) to make a conforming change to reference the similar, but expanded, designation criteria in new section 1(a)(iii) of amended E.O. 13224.

#### *Regulatory Amendments*

OFAC is amending the Regulations to implement the provisions of E.O. 13886 that amend sections 1(a) and 5 of E.O. 13224, as well as to make other technical and conforming changes for this amendment. Specifically, OFAC is amending the Regulations as follows: (i) amending the authority citation to incorporate E.O. 13886 as a new authority and the Hizballah International Financing Prevention Act of 2015 (Pub. L. 114-102, 129 Stat. 2205, 50 U.S.C. 1701 note), as amended; (ii) amending § 594.201 to reflect the new designation criteria contained in section 1(a) of amended E.O. 13224; (iii) updating the definition of the term *effective date* in § 594.302 to account for revisions to § 594.201; (iv) adjusting or removing cross-references in § 594.301 and elsewhere in the Regulations to certain subparagraphs of revised § 594.201; and (v) updating § 594.802 to add certain presidential delegations. OFAC anticipates implementing section 1(b) of amended E.O. 13224 at a later date.

#### **Public Participation**

Because the amendment of the Regulations involves a foreign affairs function, the provisions of E.O. 12866 of September 30, 1993, “Regulatory Planning and Review” (58 FR 51735, October 4, 1993), and the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date 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 the Regulations are contained in 31 CFR part 501 (the “Reporting, Procedures and Penalties Regulations”). 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 under control number 15015-0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

### **List of Subjects in 31 CFR Part 594**

Administrative practice and procedure, Banks, banking, Blocking of assets, Credit, Exports, Foreign Trade, Penalties, Reporting and recordkeeping requirements, Sanctions, Security, Services, Terrorism.

For the reasons set forth in the preamble, OFAC amends 31 CFR part 594 as follows:

### **PART 594—GLOBAL TERRORISM SANCTIONS REGULATIONS**

1. The authority citation for part 594 is revised to read as follows:

**Authority:** 3 U.S.C. 301; 22 U.S.C. 287c; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101-410, 104 Stat. 890, as amended (28 U.S.C. 2461 note); Pub. L. 114-102, 129 Stat. 2205, as amended (50 U.S.C. 1701 note); Pub. L. 115-44, 131 Stat 886 (codified in scattered sections of 22 U.S.C.); Pub. L. 115-348, 132 Stat. 5055 (50 U.S.C. 1701 note); E.O. 13224, 66 FR 49079, 3 CFR, 2001 Comp., p. 786; E.O. 13268, 67 FR 44751, 3 CFR 2002 Comp., p. 240; E.O. 13284, 68 FR 4075, 3 CFR, 2003 Comp., p. 161; E.O. 13372,

70 FR 8499, 3 CFR, 2006 Comp., p. 159; E.O. 13886, 84 FR 48041, 3 CFR, 2019 Comp., p. 356.

## **Subpart B—Prohibitions**

### **§ 594.201 [Amended]**

2. Amend § 594.201 by:

- a. Revise paragraphs (a)(1), (2), (3), and (4);
- b. In Note 1 to paragraph (a):
  - i. Remove the reference “paragraph (a)(4)” and add in its place “paragraph (a)(3)”;
  - ii. Remove “his” and add in its place “their”;
  - iii. Remove “he” and add in its place “the Secretary of the Treasury”;
  - iv. Add “,” after “Secretary of Homeland Security” wherever it appears.

The revisions read as follows:

### **§ 594.201 Prohibited transactions involving blocked property.**

(a) \* \* \*

(1) Persons listed in the Annex to Executive Order (E.O.) 13224 of September 23, 2001, as amended;

(2) Foreign persons determined by the Secretary of State, in consultation with the Secretary of the Treasury, the Attorney General, and the Secretary of Homeland Security:

(i) To have committed or have attempted to commit, to pose a significant risk of committing, or to have participated in training to commit acts of terrorism that threaten the security of U.S. nationals or the national security, foreign policy, or economy of the United States; or

(ii) To be a leader of an entity:

(A) Described in paragraph (a)(1) of this section; or

(B) Whose property and interests in property are blocked pursuant to a determination by the Secretary of State pursuant to E.O. 13224, as amended;

(3) Persons determined by the Secretary of the Treasury, in consultation with the Secretary of State, the Secretary of Homeland Security, and the Attorney General:

(i) To be owned, controlled, or directed 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 paragraphs (a)(1) through (a)(4) of this section;

(ii) To own or control, directly or indirectly, any person whose property and interests in property are blocked pursuant to paragraphs (a)(1) through (a)(4) of this section;

(iii) To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, an act of terrorism as defined in § 594.311, or any person whose property and interest in property are blocked pursuant to paragraphs (a)(1) through (a)(4) of this section;

(iv) To have participated in training related to terrorism provided by any person whose property and interests in property are blocked pursuant to paragraphs (a)(1) through (a)(4) of this section;

(v) To be a leader or official of an entity whose property and interests in property are blocked pursuant to:

(A) A determination by the Secretary of the Treasury pursuant to paragraph (a)(3) of this section; or

(B) Paragraph (a)(4) of this section; or

(vi) To have attempted or conspired to engage in any of the activities described in paragraphs (a)(3)(i) through (a)(3)(v) of this section;

(4) Persons whose property and interests in property were blocked pursuant to E.O. 12947, as amended, on or after January 23, 1995, and remained blocked immediately prior to 12:01 a.m. eastern daylight time on September 24, 2001;

\* \* \* \* \*

### **Subpart C—Definitions**

3. Revise § 594.302 to read as follows:

**§ 594.302 Effective Date**

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

(a)(1) With respect to a person whose property and interests in property are blocked pursuant to § 594.201(a)(1) and who appeared on the Annex to E.O. 13224 as issued on September 23, 2001, 12:01 a.m. eastern daylight time, September 24, 2001;

(2) With respect to a person whose property and interests in property are blocked pursuant to § 594.201(a)(1) and who was added to the Annex to E.O. 13224 after September 23, 2001, the date the person was added to the Annex to E.O. 13224, as amended;

(b) With respect to a person whose property or interests in property are blocked pursuant to § 594.201(a)(2) through (a)(11), the earlier of the date of actual or constructive notice that such person's property and interests in property are blocked pursuant to one or more of these sections.

(c) 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*.

**§ 594.316 [Removed and Reserved]**

4. Remove and reserve § 594.316.

**§ 594.317 [Amended]**

5. Amend § 594.317 by removing “§ 594.201(a)(4)(i) of”.

**§ 594.802 [Amended]**

6. In § 594.802, add “ Presidential Memorandum of January 15, 2019: Delegation of Functions and Authorities Under the Hizballah International Financing Prevention Act of 2015, as Amended, and the Hizballah International Financing Prevention Amendments Act of 2018, and Presidential Memorandum of May 24, 2019: Delegation of Functions and



Authorities Under the Sanctioning the Use of Civilians as Defenseless Shields Act,” after  
“(Pub. L. 115-44),”.

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