



## Office of Foreign Assets Control

### 31 CFR Part 501

#### Reporting, Procedures and Penalties Regulations

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

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

**SUMMARY:** The Department of the Treasury's Office of Foreign Assets Control (OFAC) is issuing this interim final rule to amend the Reporting, Procedures and Penalties Regulations (the "Regulations"), to require electronic filing of certain submissions to OFAC and to describe and modify certain reporting requirements related to blocked property and rejected transactions. In particular, the rule would require use of the electronic OFAC Reporting System for submission of reports related to blocked property and rejected transactions, remove the mail option for certain other types of OFAC submissions, describe reports OFAC may require from financial institutions for transactions that meet specified criteria, and add a reporting requirement for any blocked property that is unblocked or transferred. Additionally, OFAC is clarifying the scope of the reporting requirement for rejected transactions, in part to respond to comments received on the interim final rule OFAC published on June 21, 2019 to amend the Regulations. Further, OFAC is modifying the procedures for requests relating to property that is blocked in error and updating the Regulations with respect to the availability of information under the Freedom of Information Act (FOIA) for certain categories of records. OFAC is also clarifying that persons may submit a petition for administrative reconsideration to seek removal of a person or property from the List of Specially Designated Nationals and Blocked Persons or any other list of sanctioned persons maintained by OFAC. OFAC is also adding a description of reports OFAC may require financial institutions to provide about transactions that meet specified criteria to aid in the

identification of blocked property. Finally, OFAC is making several technical and conforming edits. OFAC is soliciting public comments for 30 days on this interim final rule.

**DATES:** This interim final rule is effective [INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Written comments may be submitted on or before [INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** You may submit comments via the following methods, electronic is preferred:

*Federal eRulemaking Portal:* [www.regulations.gov](http://www.regulations.gov). Follow the instructions on the website for submitting comments. Refer to Docket Number OFAC-2024-0002.

*Mail:* Office of Foreign Assets Control, U.S. Department of the Treasury, Treasury Annex/Freedman's Bank Building, 1500 Pennsylvania Avenue NW, Washington, DC 20220. Refer to Docket Number OFAC-2024-0002.

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

**FOR FURTHER INFORMATION CONTACT:** Assistant Director for Licensing, 202-622-2480; Assistant Director for Regulatory Affairs, 202-622-4855; Assistant Director for Compliance, 202-622-2490.

## **SUPPLEMENTARY INFORMATION:**

### **Background**

The Regulations (31 CFR part 501), originally issued August 25, 1997 (62 FR 45098), set forth standard reporting and recordkeeping requirements, license application procedures, and other procedures relevant to the economic sanctions programs administered by OFAC. As described further below, OFAC is providing updates within nine sections of the Regulations: §§ 501.602, 501.603, 501.604, 501.605, 501.801, 501.804, 501.805, 501.806, and 501.807.

### **Electronic Filing of Submissions**

*OFAC Reporting System for reports of blocked property and rejected transactions.* This interim final rule would generally require filers to use the electronic OFAC Reporting System (ORS) for submission to OFAC of initial reports of blocked property and Annual Reports of Blocked Property pursuant to § 501.603(d) and reports of rejected transactions pursuant to § 501.604(d), beginning on [INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Electronic submission of reports improves efficiencies in reporting and reviewing data, and thus reduces the overall burden on both filers and the U.S. government over the long term. Many filers currently use ORS, on a voluntary basis, to submit initial reports of blocked property, Annual Reports of Blocked Property, and reports of rejected transactions. OFAC encourages filers to become familiar with ORS and to submit reports using that system in advance of the [INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER] deadline. If a submitter can provide evidence of unique and extraordinary circumstances that would not permit the electronic filing of reports, such as lack of access to the internet, the submitter may request to submit reports in an alternative manner by calling 202-622-2490. Such requests will be subject to a presumption of denial and granted only in writing.

*Email Submission of Other Reports.* OFAC is amending several sections of the Regulations to require electronic submissions and to remove options for mail submission. OFAC is amending § 501.603(d)(2) to require electronic submission of reports of unblocked or transferred blocked property, as required pursuant to revised § 501.603(b)(3)(i). OFAC will accept such reports of unblocked or transferred blocked property pursuant to revised § 501.603(b)(3)(i) via either email or ORS. OFAC is also amending § 501.605(a) of the Regulations to require submission of the documentation and notifications required therein by email, given the time sensitivity of these reports, and to remove the options for submission by facsimile or mail. Finally, OFAC is requiring email submission or removing the options for mail submission in the following sections of the Regulations: §§ 501.804, 501.805, 501.806, and 501.807. Electronic submission and use of OFAC's website will allow for more efficient receipt and processing of reports and requests from the public.

### **Reports of Unblocked or Transferred Blocked Property**

OFAC is revising § 501.603(b)(3)(i) to require reports within 10 business days of when blocked property is unblocked or transferred, including pursuant to a valid order issued by a U.S. government agency or U.S. court, as set out in that paragraph. This amendment will enable OFAC to ascertain the current status of blocked and unblocked property. Reports need not be submitted for credits of interest payments that would not be transfers of blocked property or debits to blocked accounts for normal service charges, in each case as authorized pursuant to OFAC sanctions. As noted above, filers must submit reports pursuant to this section electronically, either via email to *OFACReport@treasury.gov* or via ORS. Additionally, in revised § 501.603(d)(1), OFAC is expanding the retention requirement previously in § 501.603(b)(2)(iii) for Annual Reports of Blocked Property to extend to initial reports of blocked property.

## **Reports of Rejected Transactions**

OFAC is revising elements of § 501.604 in response to public comments received on the June 21, 2019, interim final rule (84 FR 29055), which expanded the scope of the reporting requirement for rejected transactions.

*Clarifying the definition of “transaction.”* Several commenters requested clarity on the scope and types of rejected transactions that need to be reported to OFAC by non-financial institutions. In response to these comments, OFAC is amending § 501.604(a) to clarify the scope of the term “transaction” for purposes of that section by specifying that the term includes transactions related to securities, checks, or foreign exchange, as well as sales or purchases of goods or services, thereby clarifying that securities, checks, foreign exchange, and goods and services are not in and of themselves transactions, when not provided as part of a transaction.

*Confirmation of the scope of the term “U.S. persons.”* OFAC received several comments that requested clarity about whether the term “U.S. persons,” as used in § 501.604, includes U.S. persons other than U.S. financial institutions. OFAC confirms that this reporting requirement applies to all U.S. persons, as identified in the relevant parts of this chapter (or in the case of part 515, persons subject to U.S. jurisdiction), not only U.S. financial institutions.

*Clarifying information that must be reported for rejected transactions.*

Comments received by OFAC also noted that not all information required by OFAC may be readily available at the time a transaction is rejected, and, in many cases, it would be burdensome and sometimes impractical for filers to seek out additional information about transactions that they have already rejected. In light of these concerns, OFAC is amending § 501.604(b) to clarify that the information required therein must be reported only to the extent the information is available to the filer at the time the transactions was rejected.

*Additional responses to public comments.* Many comments received by OFAC anticipated that the interim final rule would cause a large increase in the volume of rejected transaction reports from non-financial institutions, which the comments suggest would be overly burdensome for businesses to submit as well as for OFAC to review. Since the publication of the interim final rule, however, OFAC has not received a large number of reports of rejected transactions from non-financial institutions as compared to the number of such reports from financial institutions. OFAC does not expect the volume of reported rejected transactions to be overly burdensome for businesses, particularly given that OFAC is providing additional clarity on the scope of rejected transaction reporting through this rule.

Some commenters expressed concerns about the ability to identify all rejected transactions and provide all requested information in a timely manner without significant costs, particularly if this information was not already being gathered in the course of rejecting a transaction. As noted above, OFAC is amending the Regulations to require reporting of only the information that is available to the filer at the time the transaction is rejected. OFAC notes that many businesses already have systems to identify rejected transactions related to OFAC sanctions, so it would be less burdensome for those specific businesses to report those rejected transactions to OFAC. However, OFAC recognizes that there may have been an up-front increase in burden and costs for other businesses, such as some non-financial institutions, that did not already have such a system to identify rejected transactions in place.

OFAC received a few comments questioning the utility to OFAC of receiving rejected transaction reports, particularly from U.S. non-financial institutions. OFAC continues to believe that these reports are valuable to OFAC in supporting its mission, including to identify attempts by sanctioned persons to utilize both financial and non-financial institutions to evade sanctions or further illicit activity.

## **Compliance Release Requests for Property Blocked Due to Mistaken Identity or Other Similar Errors**

OFAC is revising the procedures at § 501.806 for requesting release of funds blocked due to “mistaken identity” to extend to a broader category of any property blocked due to “typographical or similar errors leading to blocking.” OFAC is also narrowing the procedures so they are available only to the person that mistakenly blocked the property. In these cases, the person that mistakenly blocked the property may request a “Compliance Release” from OFAC’s Compliance Division. Others may continue to request unblocking of property through license applications submitted to OFAC’s Licensing Division.

## **Rules Regarding the Availability of Information**

In §§ 501.603(e), 501.604(e), and 501.801(b)(6), OFAC is updating the rules governing the availability of information under FOIA for certain categories of information that are submitted to OFAC pursuant to the Regulations, to clarify that such information will generally be protected from disclosure if OFAC determines that an exemption or exclusion under FOIA applies or the disclosure is otherwise prohibited by law.

## **Procedures for Delisting**

In § 501.807, OFAC is clarifying that persons may submit a petition for administrative reconsideration to seek removal of a person or property from the List of Specially Designated Nationals and Blocked Persons (SDN List) or any other list of sanctioned persons maintained by OFAC, and making a technical update to the contact information, including to require submission by email.

## **Instruction to Report Certain Transactions**

OFAC is adding a note to § 501.602 to describe reports OFAC may require financial institutions to provide about accounts or transactions that meet specified criteria

to aid in the identification of blocked property. If OFAC has reason to believe an account or transaction (or class of transactions) may involve the property or interests in property of a blocked person, OFAC may instruct the financial to report transactions that meet specified criteria and to notify OFAC prior to processing such transactions. Upon review, OFAC may determine that a reported transaction involves the property or interests in property of a blocked person and may take further action.

### **Other Technical and Conforming Changes**

OFAC is updating the instructions in §§ 501.603(b)(2)–(3), 501.801(b)(2), and 501.806(d)(5) to request the relevant ORS identification numbers, when available, to support efficient processing of these reports. OFAC is making edits throughout §§ 501.603, 501.604, 501.801, and 501.805 to update the OFAC website links. OFAC is amending § 501.804(b) to add contact information for OFAC. OFAC is also amending §§ 501.603(a)(1) and 501.604 to make clear that the reporting requirements extend to persons subject to U.S. jurisdiction in the case of the Cuban Assets Control Regulations, 31 CFR part 515. Additionally, OFAC is amending § 501.805(a) and (b) to make clear that OFAC records required by FOIA shall be made available in accordance with the provisions of the Regulations in addition to referenced provisions of 31 CFR part 1. OFAC is also amending § 501.805(c) to add an OFAC website link to obtain forms and remove the mail, phone, and in person options.

### **Electronic Availability**

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

### **Public Participation**

Because the amendment of the Regulations is a rule of agency procedure and involves a foreign affairs function, the provisions of Executive Order 12866 of September 30, 1993, "Regulatory Planning and Review" (58 FR 51735, October 4,



1993), as amended, 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**

Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), the collections of information related to the Regulations have been previously approved by the Office of Management and Budget (OMB) under control number 1505–0164. This interim final rule modifies the requirements for certain of the collections of information under the Regulations, such as requiring use of electronic submission for certain reports and clarifying the scope of certain reporting requirements. Specifically, in §§ 501.603 and 501.604, the rule would mandate the use of electronic filing via ORS for initial reports of blocked property and reports of rejected transactions, as well as Annual Reports of Blocked Property, in order to improve efficiencies for both filers and the U.S. government. In addition, OFAC is revising § 501.603(b)(3)(i) to require reports not only when blocked property is unblocked, but also when it is transferred, such as pursuant to a valid order from a U.S. government agency or U.S. court, as further set out in that paragraph. In § 501.604, OFAC is clarifying the scope of rejected transactions and associated information that must be reported to reduce unnecessary burdens on filers. Additionally, the rule will amend § 501.605(a) of the Regulations to allow for only electronic submission of the documentation and notifications required therein, given the time sensitivity of these reports, and to remove the options for submission by facsimile or mail. The rule will also remove the options for mail submission or require email submission in the following sections of the Regulations: §§ 501.804, 501.805, 501.806, and 501.807. OFAC is making other technical and conforming edits in the rule to increase the presence of websites and use electronic reporting, such as in §§ 501.603,

501.604, and 501.801 to update the OFAC website links. Finally, OFAC is amending § 501.805(c) to add an OFAC website link to obtain forms.

These modifications to the collections of information under the Regulations have been submitted to OMB for review and approval under control number 1505-0164. Written comments and recommendations for the modified collection can be submitted by visiting [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain). Find this document by selecting “Currently Under Review—Open for Public Comments” or by using the search function. Comments are welcome and must be received by [INSERT DATE THAT IS 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

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

The likely filers and record-keepers affected by these collections of information contained in 31 CFR part 501 are financial institutions, business organizations, nonprofit organizations, individuals, and legal representatives.

Since OFAC’s last filing in June 2021, OFAC has reviewed the data on reporting received and processed between April 4, 2022, and April 4, 2023, to estimate the reporting burden, as set forth below. Given the number and type of reports received and processed during this period, the overall burden of the recordkeeping requirement imposed by § 501.601 is estimated to increase, largely due to the imposition of a broad range of sanctions in response to Russia’s unjustified and unprovoked invasion of Ukraine in February 2022, which has led to a large influx of related reporting.

Additionally, the new electronic reporting mandate for some reports may impose initial costs on businesses that do not already file such reports electronically. OFAC is taking into account this potential initial increase in burden and cost for some parts of the private sector in its updated Supporting Statement related to this regulatory amendment.

However, in the long term, OFAC expects the use of electronic reporting via ORS to reduce the overall time, cost, and burden of reporting for filers. OFAC estimates that, during the first three months of 2023, less than 1% (estimated 0.03%) of reports for blocked property or rejected transactions were submitted to OFAC using non-electronic methods, while approximately 96% of reports were submitted electronically via ORS, and approximately 3% of reports were submitted electronically to OFAC via email. In its updated Supporting Statement related to this regulatory amendment, OFAC is taking into account a potential small initial increase in burden and cost for the small number of filers (an estimated 3%) who would need to transition from filing reports via traditional mail service or via email to the new ORS electronic system. Overall, OFAC estimates that there should be a minimal overall burden in mandating electronic submission via ORS because nearly all filers currently send reports to OFAC via ORS.

The total burden for this collection is estimated to be:

*Estimated Number of Respondents:* 136,784.

*Frequency of Response:* On occasion.

*Estimated Total Number of Annual Responses:* 136,784.

*Estimated Time per Response:* Varies by form from 15 minutes to 5 hours.

*Estimated Total Annual Burden Hours:* 44,220.

Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs

and costs of operation, maintenance, and purchase of services required to provide information.

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

Administrative practice and procedure, Banks, banking, Exports, Foreign trade, Licensing and registration, Penalties, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, OFAC amends 31 CFR part 501 as follows:

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

1. The authority citation for part 501 continues to read as follows:

**Authority:** 8 U.S.C. 1189; 18 U.S.C. 2332d, 2339B; 19 U.S.C. 3901–3913; 21 U.S.C. 1901–1908; 22 U.S.C. 287c, 2370(a), 6009, 6032, 7205, 8501–8551; 31 U.S.C. 321(b); 50 U.S.C. 1701–1706, 4301–4341; Pub. L. 101-410, 104 Stat. 890, as amended (28 U.S.C. 2461 note).

2. Amend § 501.602 by redesignating Note 1 to § 501.602 as Note 2 to § 501.602 and adding new Note 1 to § 501.602 to read as follows:

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

\* \* \* \* \*

**Note 1 to § 501.602.** If OFAC has reason to believe an account or transaction ( or class of transactions) may involve the property or interests in property of a blocked person, OFAC may issue an instruction to one or more financial institutions that: (1) provides information or criteria to aid in the identification of blocked property; and (2) requires the financial institution to report transactions that meet the specified criteria and notify OFAC prior to processing such transactions. Upon review, OFAC may determine that a reported transaction involves the property or interests in property of a blocked person and take further action.

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3. Amend § 501.603 by:

- a. Revising the section heading;
- b. Revising and republishing paragraph (a);
- c. Redesignating paragraphs (b)(1)(ii)(G) and (H) as paragraphs (b)(1)(ii)(H) and (I), respectively, adding new paragraph (b)(1)(ii)(G), and revising newly redesignated paragraph (b)(1)(ii)(H);
- d. In paragraph (b)(2)(ii)(F), remove the “and” at the end of the paragraph;
- e. Revising (b)(2)(ii)(G);
- f. Adding a new paragraph (b)(2)(ii)(H);
- g. Removing paragraph (b)(2)(iii);
- h. Revising the paragraph heading to paragraph (b)(3);
- i. Revising paragraph (b)(3)(i);
- j. In paragraph (b)(3)(ii)(A), add “or transfer” after “unblocking”;
- k. Revising paragraphs (b)(3)(ii)(F) and (b)(3)(ii)(G);
- l. Adding Note 1 to paragraph (b)(3); and
- m. Revising and republishing paragraphs (d) and (e).

The revisions, republications, and additions to read as follows:

**§ 501.603 Reports of blocked, unblocked, or transferred blocked property.**

(a) *Who must report* —(1) *Persons holding, unblocking, or transferring blocked property.* Any U.S. person (or person subject to U.S. jurisdiction in the case of part 515 of this chapter), including a financial institution, holding, unblocking, or transferring property blocked pursuant to this chapter shall submit the relevant reports described in this section to the Office of Foreign Assets Control (OFAC). This requirement applies to all U.S. persons (or persons subject to U.S. jurisdiction in the case of part 515 of this chapter), who have in their possession or control any property blocked pursuant to this chapter, including financial institutions that receive and block payments or transfers, or

who have had in their possession or control such property that is unblocked or transferred, as set out in paragraph (b) of this section.

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

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

(b) \* \* \*

(1) \* \* \*

(ii) \* \* \*

(G) Any action taken with respect to the property (*e.g.*, depositing the property into a new or existing blocked, interest-bearing account that is labeled as such and is established in the name of, or contains a means of clearly identifying the interest of, the person subject to blocking pursuant to the requirements of this chapter);

(H) The legal authority or authorities under which the property is blocked. This may include a reference to the sanctions program (current programs are on OFAC’s website: <https://ofac.treasury.gov>), the applicable part of this chapter (*e.g.*, 31 CFR part

515, 31 CFR part 544), an Executive order (E.O.) (e.g., E.O. 13224, E.O. 13599), or a statute (e.g., Foreign Narcotics Kingpin Designation Act). (*Note:* For this purpose, the term “SDN” is generic and cannot be used to identify the legal authority for blocking property); and

(2) \* \* \*

(ii) \* \* \*

(G) The legal authority or authorities under which the property is blocked. This may include a reference to the sanctions program (current programs are listed here: <https://ofac.treasury.gov>), the applicable part of this chapter (e.g., 31 CFR part 515, 31 CFR part 544), an Executive order (E.O.) (e.g., E.O. 13224, E.O. 13599), or a statute (e.g., Foreign Narcotics Kingpin Designation Act). (*Note:* For this purpose, the term “SDN” is generic and cannot be used to identify the legal authority for blocking property); and

(H) The relevant OFAC Reporting System identification numbers, when available.

(3) *Reports of blocked property that is unblocked or transferred* –(i) *When reports are due.* Reports shall be submitted to OFAC within 10 business days from the date blocked property is unblocked or transferred, except that if such reports are already required as a condition of a general or specific license, no additional report is required to be submitted under this section. For example, such reports must be filed when blocked property is unblocked or transferred pursuant to a valid order from a U.S. government agency or U.S. court, including pursuant to a valid judicial order issued pursuant to Section 201(a) of the Terrorism Risk Insurance Act (Pub. L. 107-297, 116 Stat. 2322, 28 U.S.C. 1610 note) or a valid order of forfeiture by any U.S. government agency or U.S. court. Reports do not need to be filed under this section for debits to blocked accounts for normal service charges authorized pursuant to OFAC sanctions.

(ii) \* \* \*

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

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

**Note 3 to paragraph (b)(3).** The reporting requirement set forth in this paragraph (b)(3) applies in addition to the reporting requirement set forth in § 501.605 of this part, which requires litigants to notify OFAC of proceedings that may affect blocked property or retained funds.

\* \* \* \* \*

(d) *How to report.* (1) Except as otherwise provided, all initial reports of blocked property required under § 501.603(b)(1) and the Annual Reports of Blocked Property required under § 501.603(b)(2) must be filed electronically through the OFAC Reporting System (ORS), available on OFAC's website, <https://ofac.treasury.gov/ofac-reporting-system>. While blocked funds may be maintained in omnibus accounts, the Annual Reports of Blocked Property must contain a disaggregated list showing each blocked asset contained within the omnibus account. A copy of reports submitted pursuant to this section shall be retained for the submitter's records. If a submitter can provide evidence of unique and extraordinary circumstances that would not allow the submitter to use ORS, such as lack of access to the internet, the submitter may request to submit reports in an alternative manner by calling 202/622-2490. Such requests will be subject to a presumption of denial and granted only in writing.

(2) All reports of unblocked or transferred blocked property required pursuant to § 501.603(b)(3) must be submitted electronically to OFAC via email at



*OFACReport@treasury.gov*, with the number of this section in the subject line, or through ORS, available on OFAC's website, <https://ofac.treasury.gov/ofac-reporting-system>. If a submitter can provide evidence of unique and extraordinary circumstances that would not allow the submitter to report electronically, such as lack of access to the internet, the submitter may request to submit reports in an alternative manner by calling 202/622-2490. Such requests will be subject to a presumption of denial and granted only in writing.

(e) *Rules governing availability of information.* Information submitted to OFAC pursuant to this section will be protected from disclosure under the Freedom of Information Act (FOIA) (5 U.S.C. 552) and the provisions of 31 CFR part 1 if OFAC reasonably foresees that disclosure would harm an interest protected by a FOIA exemption or disclosure is prohibited by law. See 31 CFR 1.5 for additional provisions relating to confidential commercial information.

4. Amend § 501.604 by:

- a. Revising the section heading;
- b. In paragraph (a)(1), add “in the case of part 515 of this chapter” after “(or a person subject to U.S. jurisdiction”;
- c. Revising and republishing paragraph (a)(3);
- d. Revising paragraph (b) introductory text;
- e. In paragraph (b)(6), remove “[www.treasury.gov/resource-center/sanctions/SDN-List/Pages/program\\_\\_tags.aspx](http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/program__tags.aspx)” and add in its place “<https://ofac.treasury.gov>”; and
- f. Revising and republishing paragraphs (d) and (e).

The revisions and republications to read as follows:

**§ 501.604 Reports of rejected transactions.**

(a) \* \* \*

(3) *Transaction.* The term transaction for purposes of this section includes wire transfers, trade finance, transactions related to securities, checks, or foreign exchange, and sales or purchases of goods or services.

(b) *Required information to be reported.* Reports of rejected transactions shall include the following information, to the extent the information is available to the person submitting the report at the time the transaction is rejected:

\* \* \* \* \*

(d) *Where to report.* Reports under this section shall be submitted to OFAC through the OFAC Reporting System, available on OFAC's website, <https://ofac.treasury.gov/ofac-reporting-system>. If a submitter can provide evidence of unique and extraordinary circumstances that would not allow the submitter to use ORS, such as lack of access to the internet, the submitter may request to submit reports in an alternative manner by calling 202/622-2490. Such requests will be subject to a presumption of denial and granted only in writing.

(e) *Rules governing availability of information.* Information submitted to OFAC pursuant to this section will be protected from disclosure under the Freedom of Information Act (FOIA) (5 U.S.C. 552) and the provisions of 31 CFR part 1 if OFAC reasonably foresees that disclosure would harm an interest protected by a FOIA exemption or disclosure is prohibited by law. See 31 CFR 1.5 for additional provisions relating to confidential commercial information.

5. In § 501.605, revise and republish paragraph (a) to read as follows:

**§ 501.605 Reports on litigation, arbitration, and dispute resolution proceedings.**

(a) U.S. persons (or persons subject to U.S. jurisdiction in the case of part 515 of this chapter) participating in litigation, arbitration, or other binding alternative dispute resolution proceedings in the United States on behalf of or against persons whose property or interests in property are blocked or whose funds have been retained pursuant

to § 596.504(b) of this chapter, or when the outcome of any proceeding may affect blocked property or retained funds, must:

(1) Provide notice of such proceedings upon their commencement or upon submission or receipt of documents bringing the proceedings within the terms of the introductory text to this paragraph (a);

(2) Submit copies of all pleadings, motions, memoranda, exhibits, stipulations, correspondence, and proposed orders or judgments (including any proposed final judgment or default judgment) submitted to the court or other adjudicatory body, and all orders, decisions, opinions, or memoranda issued by the court, to the Office of the Chief Counsel (Foreign Assets Control) at *OFACReport@treasury.gov* with the number of this section in the subject line, within 10 days of filing, submission, or issuance. This paragraph (a)(2) shall not apply to discovery requests or responses, documents filed under seal, or requests for procedural action not seeking action dispositive of the proceedings (such as requests for extension of time to file); and

(3) Report by email to the Office of the Chief Counsel (Foreign Assets Control), at *OFACReport@treasury.gov* with the number of this section in the subject line, the scheduling of any hearing or status conference in the proceedings whenever it appears that the court or other adjudicatory body may issue an order or judgment in the proceedings (including a final judgment or default judgment) or is considering or may decide any pending request dispositive of the merits of the proceedings or of any claim raised in the proceedings.

\* \* \* \* \*

6. Amend § 501.801 by:

a. In paragraph (a), revise the third sentence; “

b. Revise paragraph (b)(2)(ii);

c. In paragraph (b)(5), remove “by written correspondence” and add in its place “via the OFAC License Application Page at <https://ofac.treasury.gov/ofac-license-application-page>”; and

d. Revise paragraph (b)(6).

The revisions to read as follows:

**§ 501.801 Licensing**

(a)\*\*\* General licenses are set forth in subpart E of each part contained in this chapter, made available on OFAC’s website (<https://ofac.treasury.gov>), or published in the *Federal Register*.\*\*\*

(b) \* \* \*

(2) \* \* \*

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

the OFAC License Application Page at <https://ofac.treasury.gov/ofac-license-application-page> to the attention of the Licensing Division, referencing the relevant Case ID number and a “Request for Oral Presentation.” Such requests are rarely granted.

\* \* \* \* \*

(6) *Rules governing availability of information.* Information submitted to OFAC pursuant to this section will be protected from disclosure under the Freedom of Information Act (FOIA) (5 U.S.C. 552) and the provisions of 31 CFR part 1 if OFAC reasonably foresees that disclosure would harm an interest protected by a FOIA exemption or disclosure is prohibited by law. See 31 CFR 1.5 for additional provisions relating to confidential commercial information.

7. In § 501.804, revise paragraph (b) to read as follows:

**§ 501.804 Rulemaking.**

\* \* \* \* \*

(b) Any interested person may petition the Office of Foreign Assets Control for the issuance, amendment, or repeal of any rule, including a general license, at [OFACReport@treasury.gov](mailto:OFACReport@treasury.gov) with the number of this section in the subject line.

**§ 501.805 [Amended]**

8. Amend § 501.805 by:

a. In paragraphs (a) and (b), after the phrase “31 CFR part 1” add the phrase “, as well as the provisions of this part” in both places it appears;

b. In paragraph (c), remove the phrase “in person or by writing to the Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220, or by calling 202/622–2480” with the phrase “on OFAC’s website (<https://ofac.treasury.gov>).”; and

c. In paragraph (d)(2), remove the reference “<http://www.treas.gov/ofac>” and add in its place the reference “<https://ofac.treasury.gov>”.

9. Revise and republish § 501.806 to read as follows:

**§ 501.806 Procedures for unblocking property believed to have been blocked and reported in error due to mistaken identity or typographical or similar errors.**

When a party believes it has blocked property pursuant to the applicable regulations of this chapter due to mistaken identity or typographical or similar errors, such party may seek to have such property unblocked pursuant to the following administrative procedures:

(a) Any person who has blocked and reported to the Office of Foreign Assets Control (OFAC) property pursuant to § 501.603 may submit a request for authorization to release blocked property that was blocked in error due to mistaken identity or typographical or similar error.

(b) Requests to release such property must be sent via email to [OFACReport@treasury.gov](mailto:OFACReport@treasury.gov) and include the phrase “31 CFR 501.806 – Request for a Compliance Release” in the subject line of the email.

(c) A request to release property must include the name, address, telephone number, and email address of the person seeking the release of the property.

(d) A request to release property should include the following information, where known, concerning the blocked property:

(1) The name of the person that holds the blocked property or filed the initial report of blocked property;

(2) The actual value, or if unknown, estimated value, in U.S. dollars of the blocked property, as included in the initial report of blocked property;

(3) The date of the blocking included in the initial report of blocked property;

(4) A copy of a valid government-issued identification document, social security number or employer identification number for a person whose property is believed to have been blocked in error, when applicable;

(5) The OFAC Reporting System (ORS) identification numbers associated with the initial report of blocked property filed with OFAC, when available;

(6) A description of the property or underlying transaction; and

(7) A narrative description of the reasons why the applicant believes the property was blocked in error.

(e) Upon receipt of the materials required by paragraph (d) of this section, OFAC may request additional material, if available, from the applicant concerning the blocked property pursuant to § 501.602.

(f) Following review of all applicable submissions, OFAC will determine whether the property should be released. In the event that OFAC determines that the property should be released, it will direct the person to release the property to the appropriate party.

10. Revise and republish § 501.807 to read as follows:

**§ 501.807 Procedures governing delisting from the Specially Designated Nationals and Blocked Persons List or any other list of sanctioned persons or property maintained by the Office of Foreign Assets Control.**

A person may submit a petition for administrative reconsideration pursuant to the procedures outlined below in order to seek removal of a person or property (*e.g.*, a vessel) from the List of Specially Designated Nationals and Blocked Persons (SDN List) or any other list or identification of sanctioned persons or property maintained by the Office of Foreign Assets Control (OFAC):

(a) A person blocked under the provisions of any part of this chapter, including a specially designated national, specially designated terrorist, specially designated narcotics

trafficker, or a person otherwise subject to sanctions pursuant to the provisions of any part of this chapter (each, a “sanctioned person”), or a person owning a majority interest in property (*e.g.*, a vessel) that is blocked or otherwise subject to sanctions may submit arguments or evidence that the person believes establishes that insufficient basis exists for the sanction or that the circumstances resulting in the sanction no longer apply. The sanctioned person also may propose remedial steps on the person’s part, such as corporate reorganization, resignation of persons from positions in a blocked entity, or similar steps, which the person believes would negate the basis for the sanction. A person owning a majority interest in property (*e.g.*, a vessel) that is blocked or otherwise subject to sanctions may propose the sale of the vessel, with the proceeds to be placed into a blocked interest-bearing account after deducting the costs incurred while the vessel was blocked and the costs of the sale. This submission must be made via email to *OFAC.Reconsideration@treasury.gov*.

(b) For purposes of reconsideration petitions relating to persons or property sanctioned by OFAC:

(1) The information submitted by the person seeking removal of a person or property from the SDN List or any other list or identification of sanctioned persons or property maintained by OFAC will be reviewed by OFAC, which may request clarifying, corroborating, or other additional information.

(2) A person seeking removal of a person or property from the SDN List or any other list or identification of sanctioned persons or property maintained by OFAC may request a meeting with OFAC; however, such meetings are not required, and the office may, at its discretion, decline to conduct such meetings prior to completing a review pursuant to this section.

(3) After OFAC has conducted a review of the request for reconsideration, it will provide a written decision to the person seeking the removal of a person or property from



the SDN List or any other list or identification of sanctioned persons or property maintained by OFAC.

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Bradley T. Smith,  
Director, Office of Foreign Assets Control.

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