

in a syndicated conservation easement transaction described in paragraph (b) of this section.

(f) *Application of section 4965.* A qualified organization to which the real property interest is donated is not treated under section 4965 of the Code as a party to the transaction described in paragraph (b) of this section.

(g) *Disclosures under Notice 2017–10.* A taxpayer who disclosed their participation in a transaction pursuant to Notice 2017–10 and in accordance with § 1.6011–4 before October 8, 2024, is treated as having made the disclosure required under this section and § 1.6011–4, for the years covered by that disclosure, as of the date of the disclosure under Notice 2017–10.

(h) *Applicability date—(1) In general.* This section’s identification of transactions that are the same as, or substantially similar to, the transactions described in paragraph (b) of this section as listed transactions for purposes of § 1.6011–4(b)(2) and sections 6111 and 6112 of the Code is effective October 8, 2024.

(2) *Applicability date for material advisors.* Notwithstanding § 301.6111–3(b)(4)(i) and (iii) of this chapter, material advisors are required to disclose only if they have made a tax statement on or after October 8, 2018.

Douglas W. O’Donnell,

Deputy Commissioner.

Approved: September 16, 2024

Aviva R. Aron-Dine,

Deputy Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. 2024–22963 Filed 10–7–24; 8:45 am]

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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 501

Reporting, Procedures and Penalties Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury’s Office of Foreign Assets Control (OFAC) is issuing this final rule to amend the Reporting, Procedures and Penalties Regulations (the “Regulations”). OFAC published an interim final rule with a request for comments on May 10, 2024 (“May 2024 Interim Final Rule”). In this final rule, OFAC responds to public comments submitted in response to the May 2024

Interim Final Rule and amends the Regulations to add three exceptions to the reporting requirement for any blocked property that is unblocked or transferred.

DATES: This final rule is effective November 7, 2024.

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. On May 10, 2024 (89 FR 40372), OFAC published an interim final rule, effective on August 8, 2024, amending the Regulations with a request for comment. Public comments on the interim final rule were due by June 10, 2024.

In the May 2024 Interim Final Rule, OFAC amended 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 required the use of the electronic OFAC Reporting System (ORS) for submission of reports related to blocked property and rejected transactions, removed the mail option for certain other types of OFAC submissions, described reports OFAC may require from financial institutions for transactions that meet specified criteria, and added a reporting requirement for any blocked property that is unblocked or transferred. Additionally, OFAC clarified the scope of the reporting requirement for rejected transactions, in part to respond to comments received on an interim final rule OFAC published on June 21, 2019 (84 FR 29055), to amend the Regulations.

Among other changes, the May 2024 Interim Final Rule modified the procedures for requests relating to property that is blocked in error, updated the Regulations with respect to the availability of information under the Freedom of Information Act (FOIA) for certain categories of records, and clarified 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. OFAC also added 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 made several technical and conforming edits.

As described further below, OFAC is responding to comments received on five sections of the Regulations: §§ 501.601, 501.602, 501.603, 501.604, and 501.806.

Overview of Comments on the Interim Final Rule

During the public comment period, OFAC received written submissions on the interim final rule. All comments received by the end of the comment period are available on the public rulemaking docket at <https://www.regulations.gov>.

OFAC considered each relevant comment submitted on the May 2024 Interim Final Rule and made certain revisions in this rule in response to the comments. Some of the comments were general in nature, for example, supporting OFAC’s efforts and approach with respect to aspects of the May 2024 Interim Final Rule. In contrast, another commentator suggested that OFAC retract the interim final rule altogether either to give time to incorporate the comments received or to give financial institutions more time to incorporate the changes into their sanctions-related programs, systems, and policies and procedures. Some comments requested clarification of specific provisions, deadlines for certain OFAC determinations, modifications to reporting requirements, and a delay for the general requirements to use the ORS. One commenter questioned whether OFAC has the authority to require persons that submitted an erroneous blocking report to request OFAC’s permission to release funds that never should have been blocked (*e.g.*, if a financial institution mistakenly blocked the funds of a U.S. person based on a “false hit” name match with a name that appears on the SDN List).

Summary of Comments and Changes From the Interim Final Rule

Reports of Unblocked or Transferred Blocked Property

In the May 2024 Interim Final Rule, OFAC revised § 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 enables OFAC to ascertain the current status of blocked and unblocked property. 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 expanded the retention requirement previously in § 501.603(b)(2)(iii) for Annual Reports of Blocked Property to extend to initial reports of blocked property. In the May 2024 Interim Final Rule, OFAC indicated that 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.

A commenter asked OFAC to modify § 501.603(b)(3)(i) to require reporting: (1) on an annual basis for any unblocking pursuant to an action taken by OFAC, such as a specific license or general license; and (2) within 10 business days only when unblocking is done pursuant to an action not taken by OFAC, such as a court order. Another commenter requested that OFAC amend § 501.603 to clarify that no reporting to OFAC is required should unblocking occur as the result of OFAC removing a person from OFAC's SDN List or the termination of a sanctions program. A third commenter asked whether funds that become unblocked pursuant to a specific license—but are subsequently returned to a financial institution by recipients—are still considered unblocked assets. The commenter also asked if financial institutions have 10 business days from the day a specific license is issued by OFAC to submit an unblocking report, or 10 business days from the day the property is unblocked by the institution. Commenters also requested that OFAC clarify that internal transfers, such as authorized administrative transfers between blocked accounts or transfers of blocked property within the same financial institution, are not subject to the new reporting requirement. One commenter requested clarity on what “transfers” mean in the context of § 501.603(b). The commenter also asked whether “OFAC licenses to unblock property expire.” One commenter asked whether OFAC will issue guidance on the information it expects parties to provide as part of an unblocked property report.

In response to these comments, OFAC is amending § 501.603(b)(3)(i) to clarify that reports need not be submitted pursuant to that section for: (1) authorized transfers of funds or credit by a financial institution between

blocked accounts in its branches or offices or authorized debits for normal service charges; (2) blocked property that is unblocked or transferred pursuant to a general or specific license, unless the license includes a condition that requires the submission of an unblocking report; or (3) blocked property that is unblocked pursuant to OFAC's removal of a person from the SDN List. OFAC is implementing these changes to reduce the reporting burden on the public for unblockings about which OFAC generally does not have a strong interest in obtaining additional information or for which information is received via other reporting channels, while still allowing for tracking the status of blocked property. OFAC declines to make additional changes to § 501.603(b)(3)(i) in order to retain the ability to ascertain the current status of blocked and unblocked property. No changes were made to the rule in response to the remaining comments. OFAC considered the remaining comments, but the comments related to individual scenarios or requested specific guidance that were not within the intended scope of the rule. OFAC has provided guidance on its website related to filing an initial report of blocked property and an annual report of blocked property.

Reports of Rejected Transactions

In the May 2024 Interim Final Rule, OFAC amended § 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. OFAC confirmed that the reporting requirement in § 501.604(a) 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. OFAC amended § 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 transaction was rejected.

One commenter stated that the revisions to the definition of “transaction” do not provide sufficient clarity on the scope and types of actions that need to be reported to OFAC by non-financial institutions, including when during a transaction the reporting obligation arises. The commenter requested that the definition of

“transaction” be further revised so that it encompasses only the act of instructing, or otherwise attempting, a transfer of value or a payment. OFAC declines to revise the Regulations in response to this comment because, based on the agency's experience evaluating rejected-transaction reports received over the last five years, it appears that financial institutions and non-financial institutions are able to identify rejected transactions with sufficient clarity to report them to OFAC.

OFAC will assess whether any clarification, modification or guidance related to § 501.604(a) would be appropriate in the future, and welcomes further feedback as we assess whether any clarification, modification, or guidance related to § 501.604(a) is appropriate in the future.

Requests for a Compliance Release of Property Blocked Due To Mistaken Identity or Other Similar Errors

In the May 2024 Interim Final Rule, OFAC revised 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 also narrowed 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.

Commenters asked OFAC to clarify the circumstances that fall under the “similar error” category of bad blocks. One commenter asked OFAC to establish a deadline by which OFAC will respond to compliance release requests (e.g., 30 days). Two commenters requested that OFAC continue to allow any party to a transaction that results in the blocking of funds to submit a request to OFAC for release of the funds, and not to limit the procedures for a compliance release in § 501.806 to persons that mistakenly blocked the property (in the vast majority of circumstances, a financial institution). Furthermore, one commenter questioned whether OFAC had the authority to require persons to request permission from OFAC to release funds that never should have been blocked, especially if no foreign country or national thereof has any interest in such funds (e.g., if a financial institution blocked the funds of a U.S.

person based on a false-hit name match with an SDN). One commenter also asked OFAC to implement a process allowing a financial institution that blocks funds in error to unblock those funds upon notice to OFAC, without submitting a compliance release request. One commenter indicated that in past practice a party could submit to OFAC a notice withdrawing its erroneous blocking report explaining its error and proceed with a contemplated transaction.

No changes were made to the rule in response to these comments. OFAC does not require persons to use the compliance release procedures in § 501.806 for unblocking property believed to have been blocked and reported in error due to mistaken identity or typographical or similar errors. Persons can treat the property that was blocked in error as not blocked in the event they determine that there was never any valid blockable interest in the property, provided that they notify OFAC of the change. OFAC plans to issue guidance regarding unblocking property believed to have been blocked and reported in error due to mistaken identity or typographical or similar errors. OFAC encourages persons to develop screening and due-diligence procedures that appropriately identify blocked property and, as needed, use the process to request a compliance release, which can provide OFAC an opportunity to confirm the factual assessment and help avoid situations where a transaction is erroneously processed or released in violation of U.S. economic sanctions laws. OFAC also encourages financial institutions to conduct an investigation to determine whether a match is a true hit prior to blocking property, consistent with longstanding OFAC guidance. In addition, OFAC declined to specify a deadline for responding to requests for a compliance release because each request is different and may require a different review timeline. Finally, OFAC declined to make the compliance-release procedure available to any party to a blocked asset transaction because specific licensing procedures remain available to those additional parties for release of the blocked funds.

OFAC Reporting System (ORS)

In the May 2024 Interim Final Rule, OFAC generally required filers to use ORS for submission to OFAC of initial reports of blocked property and Annual Reports of Blocked Property pursuant to § 501.603(b)(1) and (2) and reports of rejected transactions pursuant to § 501.604(d).

Commenters indicated that OFAC should not mandate the use of ORS until OFAC resolves its functionality and reliability. Similarly, one commenter requested more engagement with OFAC regarding ORS due to issues when using the reporting system. The commenter asked whether ORS will be updated to allow for filing reports on unblocked property and whether OFAC will issue guidance on what information it expects persons to provide as part of a report of unblocked property.

No changes were made to the rule in response to these comments. OFAC has not experienced issues with the functionality and reliability of ORS and agrees it would be reasonable for OFAC to engage with the public on identified issues when using the ORS and work to resolve them. OFAC already works closely with filers to address any issues in the ORS system, provide guidance and user guides, and answer questions. This final rule does not incorporate any proposed changes to unblocking reports, because the May 2024 Interim Final Rule did not require such reports to be filed through ORS and already sets out the information required for such reports. However, OFAC is planning to develop an unblocking and transfer form in ORS and will notify the public once this feature is deployed.

Instruction To Report Certain Transactions

In the May 2024 Interim Final Rule, OFAC added 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 institution 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.

A commenter recommended that OFAC implement a deadline for a determination as to whether a transaction is blocked (e.g., within 10 business days) to help manage customer expectations while waiting for determination on transactions that may involve a blocked interest and make the process more predictable for banks and their customers.

No changes were made to the rule in response to this comment due to the

volume of notifications OFAC may receive and the transaction-specific analysis required for each determination. In addition, the benefits of managing customer expectations are outweighed by the national security and foreign policy risks of releasing blocked property. Customers may also reach out to OFAC's Compliance Division with questions about the status of their funds.

Recordkeeping Requirements

Section 501.601 requires every person engaging in any transaction subject to the provisions of chapter V of title 31 of the Code of Federal Regulations to keep a full and accurate record of each such transaction engaged in, regardless of whether such transaction is conducted pursuant to a license or otherwise, and make such record available for examination for at least five years after the date of such transaction. The 21st Century Peace through Strength Act, Public Law 118–50, div. D, signed into law on April 24, 2024, extended the statutes of limitation for civil and criminal violations of economic sanctions programs under the International Emergency Economic Powers Act, 50 U.S.C. 1701 *et seq.*, or the Trading With the Enemy Act, 50 U.S.C. 4301 *et seq.*, from five to 10 years.

A commenter indicated that OFAC should provide ample notice to the public prior to revising the recordkeeping requirement from five to 10 years. On September 12, 2024, OFAC issued a separate interim final rule updating the records and recordkeeping requirements in § 501.601, with a delayed effective date and an opportunity to provide comments (89 FR 74832).

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 and opportunity for public participation 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 this rule have been approved by the Office of Management and Budget under control number 1505–0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

List of Subjects in 31 CFR Part 501

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

For the reasons set forth in the preamble, the interim rule amending 31 CFR part 501, which was published May 10, 2024 (89 FR 40372), is adopted as final with the following change:

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).

Subpart C—Reports

■ 2. Amend § 501.603 by revising and republishing paragraph (b)(3)(i) to read as follows:

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

* * * * *

(b) * * *
(3) * * *

(i) *When reports are due.* Except as provided in paragraphs (b)(3)(i)(A) through (D) of this section, reports shall be submitted to OFAC within 10 business days from the date blocked property is unblocked or transferred. 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:

- (A) Authorized debits to blocked accounts for normal service charges;
- (B) Authorized transfers of funds or credit by a financial institution between

blocked accounts in its branches or offices;

(C) Unblocking or transfer of blocked property that is explicitly authorized by a specific or general license, unless the specific or general license includes a condition requiring the submission of a separate unblocking report; or

(D) Unblocking of blocked property pursuant to OFAC's removal of a person from OFAC's List of Specially Designated Nationals and Blocked Persons (SDN List).

* * * * *

Lisa M. Palluconi,

Acting Director, Office of Foreign Assets Control.

[FR Doc. 2024–23217 Filed 10–7–24; 8:45 am]

BILLING CODE 4810–AL–P

DEPARTMENT OF HOMELAND SECURITY**Coast Guard****33 CFR Part 100**

[Docket No. USCG–2024–0900]

Safety Zone; Battle of the Basin Boat Races Morgan City, LA

AGENCY: Coast Guard, DHS.

ACTION: Notification of enforcement of regulation.

SUMMARY: The Coast Guard will enforce the regulations for the Battle of the Basin Boat Races between mile marker (MM) 4 and MM 5 on the Morgan City, Port Allen Route, Louisiana (LA). This action is necessary to provide for the safety of life on these navigable waters near Morgan City, LA during high speed boat races on October 26, 2024 and October 27, 2024. During the enforcement periods, the operator of any vessel in the regulated area must comply with directions from the local Patrol Commander.

DATES: The regulations in 33 CFR 100.801 will be enforced from 10 a.m. to 6 p.m. on October 26, 2024 and October 27, 2024.

FOR FURTHER INFORMATION CONTACT: If you have questions about this notice of enforcement, call or email Lieutenant Jenelle Piché, Marine Safety Unit (MSU) Morgan City, U.S. Coast Guard; telephone 985–855–0724, email Jenelle.L.Piche@uscg.mil.

SUPPLEMENTARY INFORMATION: The Coast Guard will enforce the regulations set forth in 33 CFR 100.801 for the Battle of the Basin Boat Races. The regulations will be enforced from 10 a.m. to 6 p.m. on October 26, 2024 and October 27,

2024. This action is being taken to provide for the safety of life on navigable waterways during this event, which will be located between MM 4 and MM 5 on the Morgan City, Port Allen Route, LA. The Patrol Commander may be contacted on Channel 16 VHF–FM by the call sign “PATCOM.” During the enforcement periods, if you are the operator of a vessel in the regulated area you must comply with the regulations set forth in 33 CFR 100.801.

In addition to this notification of enforcement in the **Federal Register**, the Coast Guard plans to provide notification of this enforcement period via a Safety Marine Information Broadcast and Broadcast Notice to Mariners.

Dated: September 25, 2024.

J.S. Franz,

Captain, U.S. Coast Guard, Captain of the Port Houma.

[FR Doc. 2024–23179 Filed 10–7–24; 8:45 am]

BILLING CODE 9110–04–P

ENVIRONMENTAL PROTECTION AGENCY**40 CFR Part 52**

[EPA–R10–OAR–2023–0600, FRL–11593–02–R10]

Air Plan Approval; OR; Regional Haze Plan for the Second Implementation Period

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The Environmental Protection Agency (EPA) is approving the regional haze state implementation plan revision submitted by Oregon on April 29, 2022, as supplemented on November 22, 2023, as satisfying applicable requirements under the Clean Air Act and the EPA's Regional Haze Rule for the program's second implementation period. The Oregon submission addressed the requirement that states must periodically revise their long-term strategies for making reasonable progress towards the national goal of preventing any future, and remedying any existing, anthropogenic impairment of visibility, including regional haze, in mandatory Class I Federal areas. The Oregon submission also addressed other applicable requirements for the second implementation period of the regional haze program.

DATES: This final rule is effective November 7, 2024.

ADDRESSES: The EPA has established a docket for this action under Docket ID