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## 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](http://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 of 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 interpretative 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](http://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](http://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, 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.

**§ 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](mailto: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