

§ 588.802

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

Any action that the Secretary of the Treasury is authorized to take pursuant to E.O. 13219 of June 26, 2001, as amended by E.O. 13304 of May 28, 2003, E.O. 14033 of June 8, 2021, and any further Executive orders relating to the national emergency declared therein, may be taken by the Director of OFAC or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

Subpart I—Paperwork Reduction Act

§ 588.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures, and other procedures, see § 501.901 of this chapter. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

PART 589—UKRAINE-/RUSSIA-RELATED SANCTIONS REGULATIONS

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SOURCE: 87 FR 26099, May 2, 2022, unless otherwise noted.

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

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

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

Subpart B—Prohibitions

§ 589.201 Prohibited transactions.

(a) 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 the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in:

(1) *Executive Order (E.O.) 13660*. Any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) To be responsible for or complicit in, or to have engaged in, directly or indirectly, any of the following:

(A) Actions or policies that undermine democratic processes or institutions in Ukraine;

(B) Actions or policies that threaten the peace, security, stability, sovereignty, or territorial integrity of Ukraine; or

(C) Misappropriation of state assets of Ukraine or of an economically significant entity in Ukraine;

(ii) To have asserted governmental authority over any part or region of Ukraine without the authorization of the Government of Ukraine;

(iii) To be a leader of an entity that has, or whose members have, engaged in any activity described in paragraph (a)(1)(i) or (ii) or of an entity whose property and interests in property are blocked pursuant to this paragraph (a)(1);

(iv) To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any activity described in paragraph (a)(1)(i) or (ii) or any person whose property and interests in property are blocked pursuant to this paragraph (a)(1);

(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 or interests in property are blocked pursuant to this paragraph (a)(1);

(2) *E.O. 13661 Annex*. The persons listed in the Annex to E.O. 13661 of March 16, 2014;

(3) *E.O. 13661*. Any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) To be an official of the Government of the Russian Federation;

(ii) To operate in the arms or related materiel sector in the Russian Federation;

(iii) To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly:

(A) A senior official of the Government of the Russian Federation; or

(B) A person whose property or interests in property are blocked pursuant to paragraph (a)(2) of this section or this paragraph (a)(3); or

(iv) To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of:

(A) A senior official of the Government of the Russian Federation; or

(B) A person whose property or interests in property are blocked pursuant to paragraph (a)(2) of this section or this paragraph (a)(3);

(4) *E.O. 13662 and Secretary of the Treasury determinations.* Any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) To operate in the defense and related materiel sector of the Russian Federation economy;

(ii) To operate in the financial services sector of the Russian Federation economy;

(iii) To operate in the energy sector of the Russian Federation economy;

(iv) To be a state-owned entity operating in the railway sector of the Russian Federation economy;

(v) To be a state-owned entity operating in the metals and mining sector of the Russian Federation economy;

(vi) To operate in any other sectors of the Russian Federation economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State;

NOTE 1 TO PARAGRAPH (a)(4)(vi): Any sector in the Russian Federation economy that is determined by the Secretary of the Treasury, in consultation with the Secretary of State, to be subject to this paragraph (a)(4)(vi) will be so identified in a publication in the FEDERAL REGISTER.

(vii) To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked pursuant to this paragraph (a)(4); or

(viii) To be owned or controlled by, or to have acted for or on behalf of, directly or indirectly, any person whose property and interests in property are

blocked pursuant to this paragraph (a)(4);

(5) *E.O. 13685.* Any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) To operate in the Crimea region of Ukraine;

(ii) To be a leader of an entity operating in the Crimea region of Ukraine;

(iii) 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 paragraph (a)(5); or

(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 paragraph (a)(5);

(6) *Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014, as amended (22 U.S.C. 8901–8910) (SSIDES).* (i) Any person, including a current or former official of the Government of Ukraine or a person acting on behalf of that Government, that the Secretary of the Treasury, in consultation with the Secretary of State, determines has perpetrated, or is responsible for ordering, controlling, or otherwise directing, significant acts of violence or gross human rights abuses in Ukraine against persons associated with the antigovernment protests in Ukraine that began on November 21, 2013;

(ii) Any person that the Secretary of the Treasury, in consultation with the Secretary of State, determines has perpetrated, or is responsible for ordering, controlling, or otherwise directing, significant acts that are intended to undermine the peace, security, stability, sovereignty, or territorial integrity of Ukraine, including acts of economic extortion;

(iii) Any official of the Government of the Russian Federation, or a close associate or family member of such an official, that the Secretary of the Treasury, in consultation with the Secretary of State, determines is responsible for, complicit in, or responsible for ordering, controlling, or otherwise

directing, acts of significant corruption in Ukraine, including the expropriation of private or public assets for personal gain, corruption related to government contracts or the extraction of natural resources, bribery, or the facilitation or transfer of the proceeds of corruption to foreign jurisdictions;

(iv) Any individual that the Secretary of the Treasury, in consultation with the Secretary of State, determines materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the commission of acts described in paragraph (a)(6)(i), (ii), or (iii) of this section;

(v) Any official of the Government of the Russian Federation, or a close associate or family member of such an official, that the Secretary of the Treasury, in consultation with the Secretary of State, determines is, on or after August 2, 2017, responsible for, or complicit in, or responsible for ordering, controlling, or otherwise directing, acts of significant corruption in the Russian Federation or elsewhere, including the expropriation of private or public assets for personal gain, corruption related to government contracts or the extraction of natural resources, bribery, or the facilitation or transfer of the proceeds of corruption to foreign jurisdictions;

(vi) Any individual who has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, an act described in paragraph (a)(6)(v) of this section and has been added to the SDN List for such behavior;

(vii) A foreign person that the Secretary of the Treasury, in consultation with the Secretary of State, determines knowingly, on or after August 2, 2017:

(A) Materially violates, attempts to violate, conspires to violate, or causes a violation of any license, order, regulation, or prohibition contained in or issued pursuant to any covered Executive order, SSIDES, or the Ukraine Freedom Support Act of 2014, as amended (22 U.S.C. 8921–8930) (UFSA); or

(B) Facilitates a significant transaction or transactions, including deceptive or structured transactions, for or on behalf of:

(1) Any person subject to sanctions imposed by the United States with respect to the Russian Federation; or

(2) Any child, spouse, parent, or sibling of an individual described in paragraph (a)(6)(vii)(B)(1) of this section.

(viii) A foreign person that the Secretary of the Treasury, in consultation with the Secretary of State, determines, based on credible information, on or after August 2, 2017:

(A) Is responsible for, complicit in, or responsible for ordering, controlling, or otherwise directing, the commission of serious human rights abuses in any territory forcibly occupied or otherwise controlled by the Government of the Russian Federation;

(B) Materially assists, sponsors, or provides financial, material, or technological support for, or goods or services to, a foreign person described in paragraph (a)(6)(viii)(A) of this section; or

(C) Is owned or controlled by, or acts or purports to act for or on behalf of, directly or indirectly, a foreign person described in paragraph (a)(6)(viii)(A) of this section.

(b) The prohibitions in paragraph (a) of this section include prohibitions on the following transactions:

(1) 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 paragraph (a) of this section; and

(2) The receipt of any contribution or provision of funds, goods, or services from any person whose property and interests in property are blocked pursuant to paragraph (a) of this section.

(c) Unless authorized by this part or by a specific license expressly referring to this part, any dealing in securities (or evidence thereof) held within the possession or control of a U.S. person and either registered or inscribed in the name of, or known to be held for the benefit of, or issued by, any person whose property and interests in property are blocked pursuant to paragraph (a) of this section is prohibited. This prohibition includes the transfer (including the transfer on the books of

any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on, any securities on or after the effective date. This prohibition applies irrespective of the fact that at any time (whether prior to, on, or subsequent to the effective date) the registered or inscribed owner of any such securities may have or might appear to have assigned, transferred, or otherwise disposed of the securities.

(d) The prohibitions in paragraph (a) 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 part, and notwithstanding any contract entered into or any license or permit granted prior to the effective date.

(e) All transactions prohibited pursuant to any Executive order issued after December 19, 2014 pursuant to the national emergency declared in E.O. 13660 of March 6, 2014, are prohibited pursuant to this part.

NOTE 2 TO § 589.201: The names of persons designated or identified as blocked pursuant to E.O. 13660, E.O. 13661, E.O. 13662, or E.O. 13685 are published in the FEDERAL REGISTER and incorporated into OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) with the following identifiers: for E.O. 13660: "[UKRAINE-EO13660]"; for E.O. 13661: "[UKRAINE-EO13661]"; for E.O. 13662: "[UKRAINE-EO13662]"; and for E.O. 13685: "[UKRAINE-EO13685]." Except as described in note 4 to this section, the names of persons listed in, or designated or identified pursuant to any further Executive orders issued pursuant to the national emergency declared in E.O. 13660, whose property and interests in property therefore are blocked pursuant to this section, are published in the FEDERAL REGISTER and incorporated into OFAC's SDN List using the identifier formulation "[UKRAINE-E.O.[number pursuant to which the person's property and interests in property are blocked]]." Except as described in note 4 to this section, the names of persons designated pursuant to SSIDES, whose property and interests in property therefore are blocked pursuant to this section, are published in the FEDERAL REGISTER and incorporated into OFAC's SDN List using the identifier "[SSIDES]." Certain transactions with persons blocked pursuant to paragraph (a) of this section, or blocked pursuant to other parts of 31 CFR chapter V in connection with certain Ukraine/Russia-related activities, may result in the imposition of secondary sanctions, and therefore such blocked

persons' entries on the SDN List will also include the descriptive prefix text "Secondary sanctions risk:", followed by information about the applicable secondary sanctions authority. The SDN List is accessible through the following page on OFAC's website: www.treas.gov/sdn. Additional information pertaining to the SDN List can be found in appendix A to this chapter. See § 589.411 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 3 TO § 589.201: The International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), in Section 203 (50 U.S.C. 1702), and SSIDES authorize 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 this section also are published in the FEDERAL REGISTER and incorporated into the SDN List using the following identifiers: for E.O. 13660: "[BPI-UKRAINE-EO13660]"; for E.O. 13661: "[BPI-UKRAINE-EO13661]"; for E.O. 13662: "[BPI-UKRAINE-EO13662]"; for E.O. 13685: "[BPI-UKRAINE-EO13685]"; for SSIDES: "[BPI-SSIDES]"; and for any further Executive orders issued pursuant to the national emergency declared in E.O. 13660: "[BPI-UKRAINE-E.O.[E.O. number pursuant to which the person's property and interests in property are blocked pending investigation]]."

NOTE 4 TO § 589.201: In certain cases, OFAC may issue an order to: identify as blocked specific property or interests in property of a person designated or otherwise blocked pursuant to this section; block specific property or interests in property of a person pending investigation; or block or impose other prohibitions with respect to specific property or interests in property less than full blocking sanctions. Notice of such orders will be provided: by publication in the FEDERAL REGISTER; in writing to persons OFAC may assess to have an interest in the property; or by issuing an order or directive in writing to financial institutions or other transaction intermediaries, and requiring the recipient of the order or directive to promptly disclose it to affected persons with whom the recipient maintains direct commercial relationships. Inquiries regarding any such order should be directed to OFAC's Compliance Division at 202-622-2490 or <https://ofac.treasury.gov/contact-ofac>.

NOTE 5 TO § 589.201: Subpart E of part 501 of this chapter describes the procedures to be followed for the release of property and interests in property blocked pursuant to this section, including funds blocked due to mistaken identity or typographical or similar

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errors, and for administrative reconsideration of one's status as a person whose property and interests in property are blocked pursuant to paragraph (a) of this section.

[87 FR 26099, May 2, 2022, as amended at 89 FR 75966, Sept. 17, 2024]

§ 589.202 Prohibited transactions with respect to the financial services sector of the Russian Federation economy (Directive 1).

The following activities by a U.S. person or within the United States are prohibited:

(a) For new debt or new equity issued on or after July 16, 2014 and before September 12, 2014, all transactions in, provision of financing for, and other dealings in new debt of longer than 90 days maturity or new equity of persons determined to be subject to this section, their property, or their interests in property;

(b) For new debt or new equity issued on or after September 12, 2014 and before November 28, 2017, all transactions in, provision of financing for, and other dealings in new debt of longer than 30 days maturity or new equity of persons determined to be subject to this section, their property, or their interests in property; and

(c) For new debt or new equity issued on or after November 28, 2017, all transactions in, provision of financing for, and other dealings in new debt of longer than 14 days maturity or new equity of persons determined to be subject to this section, their property, or their interests in property.

NOTE 1 TO § 589.202: The names of persons subject to this section (and earlier versions of Directive 1) are published in the FEDERAL REGISTER and incorporated into OFAC's Sectoral Sanctions Identifications List (SSI List) with the descriptive text "Executive Order 13662 Directive Determination—Subject to Directive 1." Certain transactions with persons subject to this section may result in the imposition of secondary sanctions, and therefore such persons' entries on the SSI List will also include the descriptive prefix text "Secondary sanctions risk:", followed by information about the applicable secondary sanctions authority. The SSI List is accessible via the Ukraine-/Russia-Related Sanctions page on OFAC's website: www.treas.gov/ofac. See § 589.411 concerning entities that may not be listed on the SSI List but whose property and interests in property are nevertheless subject to the prohibitions in this section.

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NOTE 2 TO § 589.202: Section 216 of the Countering America's Adversaries Through Sanctions Act (22 U.S.C. 9511) (CAATSA) requires Congressional review prior to the termination of sanctions imposed pursuant to E.O. 13662. Section 222 of CAATSA (22 U.S.C. 9522) describes the Congressional notification required prior to the termination of sanctions imposed pursuant to E.O. 13662.

§ 589.203 Prohibited transactions with respect to financing activities in the energy sector of the Russian Federation economy (Directive 2).

The following activities by a U.S. person or within the United States are prohibited:

(a) For new debt issued on or after July 16, 2014 and before November 28, 2017, all transactions in, provision of financing for, and other dealings in new debt of longer than 90 days maturity of persons determined to be subject to this section, their property, or their interests in property; and

(b) For new debt issued on or after November 28, 2017, all transactions in, provision of financing for, and other dealings in new debt of longer than 60 days maturity of persons determined to be subject to this section, their property, or their interests in property.

NOTE 1 TO § 589.203: The names of persons subject to this section (and earlier versions of Directive 2) are published in the FEDERAL REGISTER and incorporated into OFAC's Sectoral Sanctions Identifications List (SSI List) with the descriptive text "Executive Order 13662 Directive Determination—Subject to Directive 2." Certain transactions with persons subject to this section may result in the imposition of secondary sanctions, and therefore such persons' entries on the SSI List will also include the descriptive prefix text "Secondary sanctions risk:", followed by information about the applicable secondary sanctions authority. The SSI List is accessible through the Ukraine-/Russia-Related Sanctions page on OFAC's website: www.treas.gov/ofac. See § 589.411 concerning entities that may not be listed on the SSI List but whose property and interests in property are nevertheless subject to the prohibitions in this section.

NOTE 2 TO § 589.203: Section 216 of CAATSA (22 U.S.C. 9511) requires Congressional review prior to the termination of sanctions imposed pursuant to E.O. 13662. Section 222 of CAATSA (22 U.S.C. 9522) describes the Congressional notification required prior to the termination of sanctions imposed pursuant to E.O. 13662.

§ 589.204 Prohibited transactions with respect to the defense and related materiel sector of the Russian Federation economy (Directive 3).

All transactions in, provision of financing for, and other dealings in new debt of longer than 30 days maturity of persons determined to be subject to this section, their property, or their interests in property by a U.S. person or within in the United States are prohibited.

NOTE 1 TO § 589.204: The names of persons subject to this section are published in the FEDERAL REGISTER and incorporated into OFAC's Sectoral Sanctions Identifications List (SSI List) with the descriptive text "Executive Order 13662 Directive Determination—Subject to Directive 3." Certain transactions with persons subject to this section may result in the imposition of secondary sanctions, and therefore such persons' entries on the SSI List will also include the descriptive prefix text "Secondary sanctions risk:", followed by information about the applicable secondary sanctions authority. The SSI List is accessible via the Ukraine-/Russia-Related Sanctions page on OFAC's website: www.treas.gov/ofac. See § 589.411 concerning entities that may not be listed on the SSI List but whose property and interests in property are nevertheless subject to the prohibitions of this section.

NOTE 2 TO § 589.204: Section 216 of CAATSA (22 U.S.C. 9511) requires Congressional review prior to the termination of sanctions imposed pursuant to E.O. 13662. Section 222 of CAATSA (22 U.S.C. 9522) describes the Congressional notification required prior to the termination of sanctions imposed pursuant to E.O. 13662.

§ 589.205 Prohibited transactions with respect to oil-producing activities in the energy sector of the Russian Federation economy (Directive 4).

The following activities by a U.S. person or within the United States are prohibited: The provision, exportation, or reexportation, directly or indirectly, of goods, services (except for financial services), or technology in support of exploration or production for deep-water, Arctic offshore, or shale projects:

(a) That have the potential to produce oil in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory, and that involve any person determined to be subject to this

section, their property, or their interests in property; or

(b) That are initiated on or after January 29, 2018, that have the potential to produce oil in any location, and in which any person determined to be subject to this section, their property, or their interests in property has a 33 percent or greater ownership interest, or ownership of a majority of the voting interests.

NOTE 1 TO § 589.205: This section does not apply to projects that have the potential to produce gas only.

NOTE 2 TO § 589.205: The names of persons subject to this section (and earlier versions of Directive 4) are published in the FEDERAL REGISTER and incorporated into OFAC's Sectoral Sanctions Identifications List (SSI List) with the descriptive text "Executive Order 13662 Directive Determination—Subject to Directive 4." Certain transactions with persons subject to this section may result in the imposition of secondary sanctions, and therefore such persons' entries on the SSI List will also include the descriptive prefix text "Secondary sanctions risk:", followed by information about the applicable secondary sanctions authority. The SSI List is accessible through the Ukraine-/Russia-Related Sanctions page on OFAC's website: www.treas.gov/ofac. See § 589.411 concerning entities that may not be listed on the SSI List but whose property and interests in property are nevertheless subject to the prohibitions of this section.

NOTE 3 TO § 589.205: See § 589.412 concerning projects in which persons subject to paragraph (b) of this section own a 33 percent or greater ownership interest, or ownership of a majority of the voting interests.

NOTE 4 TO § 589.205: See § 746.5 of the Export Administration Regulations (15 CFR parts 730 through 774) for the Department of Commerce's related license requirement on exports, reexports, and transfers (in-country) of certain items for use in specified deep-water, Arctic offshore, or shale projects.

NOTE 5 TO § 589.205: Section 216 of CAATSA (22 U.S.C. 9511) requires Congressional review prior to the termination of sanctions imposed pursuant to E.O. 13662. Section 222 of CAATSA (22 U.S.C. 9522) describes the Congressional notification required prior to the termination of sanctions imposed pursuant to E.O. 13662.

§ 589.206 Prohibited new investment in the Crimea region of Ukraine.

Except as otherwise authorized, new investment, as defined in § 589.326, in the Crimea region of Ukraine by a United States person, wherever located, is prohibited.

§ 589.207 Prohibited exportation, re-exportation, sale, or supply of goods, services, or technology to the Crimea region of Ukraine.

Except as otherwise authorized, the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, services, or technology to the Crimea region of Ukraine is prohibited.

§ 589.208 Prohibited importation of goods, services, or technology from the Crimea region of Ukraine.

Except as otherwise authorized, the importation into the United States, directly or indirectly, of any goods, services, or technology from the Crimea region of Ukraine is prohibited.

§ 589.209 Prohibitions or strict conditions with respect to correspondent or payable-through accounts of foreign financial institutions that have knowingly facilitated certain significant transactions.

(a) *Prohibited activities.* A U.S. financial institution shall not:

(1) Open or maintain a correspondent account or a payable-through account in the United States for a foreign financial institution for which the opening or maintaining of such an account is prohibited pursuant to this section; or

(2) Maintain a correspondent account or a 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 this section.

(b) *Sanctionable activity by foreign financial institutions involving certain activity for persons with respect to which sanctions are imposed pursuant to section 4 of the Ukraine Freedom Support Act of 2014, as amended (22 U.S.C. 8921–8930) (UFSA).* The Secretary of the Treasury, in consultation with the Secretary of State, may determine that a foreign financial institution knowingly engages, on or after August 2, 2017, in significant transactions involving the following activities for persons with respect to which sanctions are imposed pursuant to section 4 of UFSA (22 U.S.C. 8923):

(1) Knowingly manufacturing or selling defense articles transferred into

Syria or into the territory of a specified country without the consent of the internationally recognized government of that country;

(2) Transferring defense articles into Syria or into the territory of a specified country without the consent of the internationally recognized government of that country; or

(3) Brokering or otherwise assisting in the transfer of defense articles into Syria or into the territory of a specified country without the consent of the internationally recognized government of that country; or

(4) Knowingly, on or after December 18, 2014, assisting, sponsoring, or providing financial, material, or technological support for, or goods or services to or in support of, any entity owned or controlled by the Government of the Russian Federation or owned or controlled by nationals of the Russian Federation; and with respect to an activity described in paragraph (a)(1), (2), or (3) of this section;

(5) Knowingly making a significant investment in a special Russian crude oil project; or

(6) The withholding by Gazprom of significant natural gas supplies from member countries of the North Atlantic Treaty Organization, or further withholding by Gazprom of significant natural gas supplies from countries such as Ukraine, Georgia, or Moldova.

NOTE 1 TO PARAGRAPH (b): Persons with respect to which sanctions are imposed pursuant to section 4 of UFSA (22 U.S.C. 8923) will be identified either on OFAC's Non-SDN Menu-Based List (NS-MBS List) or on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List). Upon the imposition of non-blocking sanctions from a menu of sanctions as provided by section 4 of UFSA, OFAC will place the name and other relevant identifiers of the sanctioned person on the NS-MBS List. The NS-MBS List also will specify the type of sanction or sanctions imposed on the listed person and the legal authority under which the person is sanctioned. When blocking is chosen as a menu-based sanction and imposed on a person, that person is identified solely on OFAC's SDN List, along with any other menu-based sanctions imposed on that person.

(c) *Sanctionable activity by foreign financial institutions on behalf of Russian persons included on the SDN List.* The

Secretary of the Treasury, in consultation with the Secretary of State, may determine that a foreign financial institution has, on or after September 1, 2017, knowingly facilitated a significant financial transaction on behalf of any Russian person included on OFAC's SDN List pursuant to UFSA, E.O. 13660, E.O. 13661, E.O. 13662, or any other Executive order addressing the crisis in Ukraine.

NOTE 2 TO PARAGRAPH (c): For information regarding persons included on OFAC's SDN List pursuant to UFSA, E.O. 13660, E.O. 13661, or E.O. 13662, or any other Executive order issued pursuant to the national emergency declared in E.O. 13660, including identifier information for entries on the SDN List, see note 1 to § 589.201.

(d) *Imposition of sanctions on foreign financial institutions.* Upon determining that a foreign financial institution has engaged in sanctionable activity described in paragraph (b) or (c) of this section, the Secretary of the Treasury, in consultation with the Secretary of State, shall:

(1) Prohibit the opening by a U.S. financial institution of a correspondent account or a payable-through account in the United States for the foreign financial institution; and

(2) Prohibit or impose one or more strict conditions on the maintaining by a U.S. financial institution of a correspondent account or a payable-through account in the United States for the foreign financial institution. Such conditions may include the following:

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

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

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

(iv) Requiring pre-approval from the U.S. financial institution for all trans-

actions processed through the correspondent account or payable-through account of the foreign financial institution; or

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

NOTE 3 TO § 589.209: The names of foreign financial institutions for which the opening of a correspondent account or a payable-through account in the United States is prohibited and for which the maintaining of a correspondent account or payable-through account is prohibited or subject to one or more strict conditions pursuant to this section will be added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List) on OFAC's website (www.treas.gov/ofac), and published in the FEDERAL REGISTER along with the applicable prohibition or strict condition(s).

NOTE 4 TO § 589.209: Section 216 of the Countering America's Adversaries Through Sanctions Act (22 U.S.C. 9511) (CAATSA) requires Congressional review prior to the termination of sanctions imposed pursuant to UFSA. Section 5(g) of UFSA (22 U.S.C. 8924(g)) describes the Congressional notification required prior to the termination of sanctions imposed pursuant section 5 of UFSA.

§ 589.210 Effect of transfers violating the provisions of this part.

(a) Any transfer after the effective date that is in violation of any provision of this part or of any regulation, order, directive, ruling, instruction, or license issued pursuant to this part, and that involves any property or interest in property blocked pursuant to § 589.201, is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power, or privilege with respect to such property or interest in property.

(b) No transfer before the effective date shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or any interest in, any property or interest in property blocked pursuant to § 589.201, unless the person who holds or maintains such property, prior to that date, had written notice of the transfer or by any written evidence had recognized such transfer.

(c) Unless otherwise provided, a license or other authorization issued by OFAC before, during, or after a transfer shall validate such transfer or make it enforceable to the same extent that it would be valid or enforceable but for the provisions of this part and any regulation, order, directive, ruling, instruction, or license issued pursuant to this part.

(d) Transfers of property that otherwise would be null and void or unenforceable by virtue of the provisions of this section shall not be deemed to be null and void or unenforceable as to any person with whom such property is or was held or maintained (and as to such person only) in cases in which such person is able to establish to the satisfaction of OFAC each of the following:

(1) Such transfer did not represent a willful violation of the provisions of this part by the person with whom such property is or was held or maintained (and as to such person only);

(2) The person with whom such property is or was held or maintained did not have reasonable cause to know or suspect, in view of all the facts and circumstances known or available to such person, that such transfer required a license or authorization issued pursuant to this part and was not so licensed or authorized, or, if a license or authorization did purport to cover the transfer, that such license or authorization had been obtained by misrepresentation of a third party or withholding of material facts or was otherwise fraudulently obtained; and

(3) The person with whom such property is or was held or maintained filed with OFAC a report setting forth in full the circumstances relating to such transfer promptly upon discovery that:

(i) Such transfer was in violation of the provisions of this part or any regulation, ruling, instruction, license, or other directive or authorization issued pursuant to this part;

(ii) Such transfer was not licensed or authorized by OFAC; or

(iii) If a license did purport to cover the transfer, such license had been obtained by misrepresentation of a third party or withholding of material facts or was otherwise fraudulently obtained.

(e) The filing of a report in accordance with the provisions of paragraph (d)(3) of this section shall not be deemed evidence that the terms of paragraphs (d)(1) and (2) of this section have been satisfied.

(f) Unless licensed pursuant to this part, any attachment, judgment, decree, lien, execution, garnishment, or other judicial process is null and void with respect to any property or interest in property blocked pursuant to § 589.201.

§ 589.211 Holding of funds in interest-bearing accounts; investment and reinvestment.

(a) Except as provided in paragraph (e) or (f) of this section, or as otherwise directed or authorized by OFAC, any U.S. person holding funds, such as currency, bank deposits, or liquidated financial obligations, subject to § 589.201 shall hold or place such funds in a blocked interest-bearing account located in the United States.

(b)(1) For the purposes of this section, the term *blocked interest-bearing account* means a blocked account:

(i) In a federally insured U.S. bank, thrift institution, or credit union, provided the funds are earning interest at rates that are commercially reasonable; or

(ii) With a broker or dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*), provided the funds are invested in a money market fund or in U.S. Treasury bills.

(2) Funds held or placed in a blocked account pursuant to paragraph (a) of this section may not be invested in instruments the maturity of which exceeds 180 days.

(c) For the purposes of this section, a rate is commercially reasonable if it is the rate currently offered to other depositors on deposits or instruments of comparable size and maturity.

(d) For the purposes of this section, if interest is credited to a separate blocked account or subaccount, the name of the account party on each account must be the same.

(e) Blocked funds held in instruments the maturity of which exceeds 180 days at the time the funds become subject to § 589.201 may continue to be held

until maturity in the original instrument, provided any interest, earnings, or other proceeds derived therefrom are paid into a blocked interest-bearing account in accordance with paragraph (a) or (f) of this section.

(f) Blocked funds held in accounts or instruments outside the United States at the time the funds become subject to § 589.201 may continue to be held in the same type of accounts or instruments, provided the funds earn interest at rates that are commercially reasonable.

(g) This section does not create an affirmative obligation for the holder of blocked tangible property, such as real or personal property, or of other blocked property, such as debt or equity securities, to sell or liquidate such property. However, OFAC may issue licenses permitting or directing such sales or liquidation in appropriate cases.

(h) Funds subject to this section may not be held, invested, or reinvested in a manner that provides financial or economic benefit or access to any person whose property and interests in property are blocked pursuant to § 589.201, nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

§ 589.212 Expenses of maintaining blocked tangible property; liquidation of blocked property.

(a) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or contract entered into or any license or permit granted prior to the effective date, all expenses incident to the maintenance of tangible property blocked pursuant to § 589.201 shall be the responsibility of the owners or operators of such property, which expenses shall not be met from blocked funds.

(b) Property blocked pursuant to § 589.201 may, in the discretion of OFAC, be sold or liquidated and the net proceeds placed in a blocked interest-bearing account in the name of the owner of the property.

§ 589.213 Evasions; attempts; causing violations; conspiracies.

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

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

§ 589.214 Exempt transactions.

(a) *Personal communications.* The prohibitions contained in this part do not apply to any postal, telegraphic, telephonic, or other personal communication that does not involve the transfer of anything of value.

(b) *U.S. intelligence activities.* The prohibitions contained in this part do not apply to activities subject to the reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 3091 *et seq.*), or any authorized intelligence activities of the United States.

(c) *Activities of the National Aeronautics and Space Administration.* The prohibitions contained in this part do not apply to activities of the National Aeronautics and Space Administration (NASA), including the supply by any entity of the Russian Federation of any product or service, or the procurement of such product or service by any contractor or subcontractor of the United States or any other entity, relating to or in connection with any space launch conducted for NASA or any other non-Department of Defense customer.

(d) *Importation of goods.* The prohibitions contained in this part do not apply to the importation of any goods that would otherwise be prohibited solely because of the interest of a person whose property and interests in property are blocked solely pursuant to § 589.201(a)(6)(i), (ii), (iii), (iv), or (v). For the purposes of this paragraph (d), the term “good(s)” means any article, natural or manmade substance, material, supply or manufactured product, including inspection and test equipment, and excluding technical data.

(e) *Official business.* The prohibitions contained in §§ 589.201(a)(5), 589.206, 589.207, and 589.208 do not apply to

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transactions for the conduct of the official business of the United States Government by employees, grantees, or contractors thereof.

NOTE 1 TO PARAGRAPH (e): See § 589.510 for a general license authorizing transactions for the conduct of the official business of the United States Government not otherwise exempt.

§ 589.215 Prohibited facilitation.

Except as otherwise authorized, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing a transaction by a foreign person where the transaction by that foreign person would be prohibited by § 589.206, § 589.207, or § 589.208 of this part if performed by a U.S. person or within the United States.

Subpart C—General Definitions

§ 589.300 Applicability of definitions.

The definitions in this subpart apply throughout the entire part.

§ 589.301 Arctic offshore projects.

(a) The term *Arctic offshore projects* as used in § 589.205 means projects that have the potential to produce oil in areas that—

(1) Involve drilling operations originating offshore, and

(2) Are located above the Arctic Circle.

(b) The term *Arctic offshore projects* as used in § 589.205 does not apply to horizontal drilling operations originating onshore where such drilling operations extend under the seabed to areas above the Arctic Circle.

§ 589.302 Arms or related materiel sector of the Russian Federation economy.

The term *arms or related materiel sector of the Russian Federation economy* includes: The procurement, development, test manufacture, maintenance, upgrade and refurbishment, shipping, supply, sale, and storage to, from, within, or transiting the Russian Federation of arms or related materiel of all types, including any battle tanks, armored combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships, missiles or missile

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systems, or related materiel; critical enablers, aggregates, components, parts, as well as related documentation and instructions for such items; or training for the use of included systems, provision of simulation equipment, documentation (including training manuals, maintenance orders, or technical bulletins), prototypes, software upgrades, and licensing and manufacturing agreements for such items.

§ 589.303 Blocked account; blocked property.

The terms *blocked account* and *blocked property* mean any account or property subject to the prohibitions in § 589.201 held in the name of a person whose property and interests in property are blocked pursuant to § 589.201, or in which such person has an interest, and with respect to which payments, transfers, exportations, withdrawals, or other dealings may not be made or effected except pursuant to a license or other authorization from OFAC expressly authorizing such action.

NOTE 1 TO § 589.303: See § 589.411 concerning the blocked status of property and interests in property of an entity that is directly or indirectly owned, whether individually or in the aggregate, 50 percent or more by one or more persons whose property and interests in property are blocked pursuant to § 589.201.

§ 589.304 Correspondent account.

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

§ 589.305 Covered Executive order.

The term *covered Executive order* means any of the following: Executive Order (E.O.) 13660, E.O. 13661, E.O. 13662, E.O. 13685, E.O. 13694, relating to the Russian Federation, or E.O. 13757, relating to the Russian Federation.

§ 589.306 Crimea region of Ukraine.

The term *Crimea region of Ukraine* includes the land territory in that region as well as any maritime areas over which sovereignty, sovereign rights, or

jurisdiction is claimed based on purported sovereignty over that land territory.

§ 589.307 Debt.

The term *debt* as used in §§ 589.202 through 589.204 includes bonds, loans, extensions of credit, loan guarantees, letters of credit, drafts, bankers' acceptances, discount notes or bills, or commercial paper.

§ 589.308 Deepwater projects.

The term *deepwater projects* as used in § 589.205 means projects that involve underwater activities at depths of more than 500 feet.

§ 589.309 Defense and related materiel sector of the Russian Federation economy.

The term *defense and related materiel sector of the Russian Federation economy* includes: The military, armed forces, or security forces of the Russian Federation; the military, armed forces, or security forces of the Russian Federation's use of arms or related materiel; and any person manufacturing, supplying, providing financing for, procuring, or distributing goods, services, or technology to the military, armed forces, or security forces of the Russian Federation; or financing, developing, testing, producing, or sustaining such goods or services or technology, or arms or related materiel, within or transiting the Russian Federation.

§ 589.310 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 whose property and interests in property are blocked pursuant to § 589.201(a)(2), 12:01 a.m. eastern daylight time, March 17, 2014;

(2) With respect to a person whose property and interests in property are otherwise blocked pursuant to § 589.201, the earlier of the date of actual or constructive notice that such person's property and interests in property are blocked;

(3) With respect to the transactions prohibited by § 589.202, § 589.203, § 589.204, or § 589.205, the earlier of the date of ac-

tual or constructive notice that a person was added to the Sectoral Sanctions Identifications List (SSI List);

(4) With respect to the transactions prohibited by §§ 589.206 through 589.208, 3:30 p.m. eastern standard time, December 19, 2014; and

(5) With respect to the transactions prohibited by § 589.209, the effective date of a prohibition on the opening or a prohibition or strict condition imposed on the 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 pursuant to § 589.209(d) is the earlier of the date the U.S. financial institution receives actual or constructive notice of such prohibition or condition.

(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, or a notice of the person's addition to the SSI List, or a notice of the imposition of a prohibition or strict condition pursuant to § 589.209, is published in the FEDERAL REGISTER.

§ 589.311 Energy sector of the Russian Federation economy.

The term *energy sector of the Russian Federation economy* includes the procurement, exploration, extraction, drilling, mining, harvesting, production, refinement, liquefaction, gasification, regasification, conversion, enrichment, fabrication, or transport to, from, or within the Russian Federation, of petroleum, natural gas, liquified natural gas, natural gas liquids, or petroleum products or other products capable of producing energy, such as coal or wood or agricultural products used to manufacture biofuels, the development, production, generation, transmission or exchange of power, through any means, including nuclear, electrical, thermal, and renewable, in or involving the Russian Federation.

§ 589.312 Entity.

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

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§ 589.313 Equity.

The term *equity* as used in § 589.202 includes stocks, share issuances, depository receipts, or any other evidence of title or ownership.

§ 589.314 Financial, material, or technological support.

The term *financial, material, or technological support*, as used in this part, means any property, tangible or intangible, including currency, financial instruments, securities, or any other transmission of value; weapons or related materiel; chemical or biological agents; explosives; false documentation or identification; communications equipment; computers; electronic or other devices or equipment; technologies; lodging; safe houses; facilities; vehicles or other means of transportation; or goods. “Technologies” as used in this section means specific information necessary for the development, production, or use of a product, including related technical data such as blueprints, plans, diagrams, models, formulae, tables, engineering designs and specifications, manuals, or other recorded instructions.

§ 589.315 Financial services sector of the Russian Federation economy.

The *financial services sector of the Russian Federation economy* includes economic or financial services, including government-operated and private banks and financial institutions, credit card companies, investment banking services, foreign exchange services, money services businesses, payday lenders, mortgage companies, securities exchanges, securities dealers, asset managers, and insurance services, or any entities that are 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, in or involving the Russian Federation.

§ 589.316 Foreign financial institution.

The term *foreign financial institution* means any foreign entity that is engaged in the business of accepting deposits, making, granting, transferring,

holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes depository institutions, banks, savings banks, money services businesses, trust companies, insurance companies, securities brokers and dealers, 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 OFAC.

§ 589.317 Foreign person.

(a) For the purposes of §§ 589.201(a)(6) and 589.413, the term *foreign person* means any citizen or national of a foreign state (including any such individual who is also a citizen or national of the United States), or any entity not organized solely under the laws of the United States or existing solely in the United States, but does not include a foreign state.

(b) For the purposes of the rest of this part, the term *foreign person* means any person that is not a U.S. person.

§ 589.318 Government of the Russian Federation.

The term *Government of the Russian Federation* means the Government of the Russian Federation, any political subdivision, agency, or instrumentality thereof, including the Central Bank of the Russian Federation, and any person owned or controlled by, or acting for or on behalf of, the Government of the Russian Federation.

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§ 589.320 Initiated.

The term *initiated* as used in § 589.205(b) means when a government or any of its political subdivisions,

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agencies, or instrumentalities (including any entity owned or controlled directly or indirectly by any of the foregoing) formally grants exploration, development, or production rights to any party.

§ 589.321 Interest.

Except as otherwise provided in this part, the term *interest*, when used with respect to property (e.g., “an interest in property”), means an interest of any nature whatsoever, direct or indirect.

§ 589.322 Knowingly.

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

§ 589.323 Licenses; general and specific.

(a) Except as otherwise provided in this part, the term *license* means any license or authorization contained in or issued pursuant to this part.

(b) The term *general license* means any license or authorization the terms of which are set forth in subpart E of this part or made available on OFAC’s website: www.treas.gov/ofac.

(c) The term *specific license* means any license or authorization issued pursuant to this part but not set forth in subpart E of this part or made available on OFAC’s website: www.treas.gov/ofac.

NOTE 1 TO § 589.323: See § 501.801 of this chapter on licensing procedures. See also note 1 to § 589.501.

§ 589.324 Loans or other extensions of credit.

The term *loans or other extensions of credit* means any transfer or extension of funds or credit on the basis of an obligation to repay, or any assumption or guarantee of the obligation of another to repay an extension of funds or credit, including: overdrafts; currency swaps; purchases of debt securities issued by persons subject to the prohibitions in this part; purchases of a loan made by another person; sales of financial assets subject to an agreement to repurchase; renewals or refinancings whereby funds or credits are transferred to or extended to a prohibited

borrower or prohibited recipient; the issuance of standby letters of credit; and drawdowns on existing lines of credit.

§ 589.325 Metals and mining sector of the Russian Federation economy.

The term *metals and mining sector of the Russian Federation economy* includes any act, process, or industry of extracting, at the surface or underground, ores, coal, precious stones, or any other minerals or geological materials in the Russian Federation, or any act of procuring, processing, manufacturing, or refining such geological materials, or transporting them to, from, or within the Russian Federation.

§ 589.326 New investment.

The term *new investment* as used in § 589.206 means a transaction on or after 3:30 p.m. eastern standard time, December 19, 2014 that constitutes:

(a) A commitment or contribution of funds or other assets; or

(b) A loan or other extension of credit as defined in § 589.324.

§ 589.327 OFAC.

The term *OFAC* means the Department of the Treasury’s Office of Foreign Assets Control.

§ 589.328 Payable-through account.

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

§ 589.329 Person.

The term *person* means an individual or entity.

§ 589.330 Production.

The term *production* as used in § 589.205 refers to the lifting of oil to the surface and the gathering, treating, field processing, and field storage of such oil. The production stage of a project ends when extracted oil is transported out of a field production storage tank or otherwise off a field

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production site. The term *production* as used in § 589.205 does not apply to the provision by U.S. persons or within the United States of goods, technology, or services to persons determined to be subject to § 589.205 when such transactions relate only to the transportation, refining, or other dealings involving oil that has already been extracted from a deepwater project as defined in § 589.308, Arctic offshore project as defined in § 589.301, or shale project as defined in § 589.334, and transported out of a field production storage tank or otherwise off of a field production site.

§ 589.331 Property; property interest.

The terms *property* and *property interest* include money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness, obligations, notes, guarantees, debentures, stocks, bonds, coupons, any other financial instruments, bankers acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership, or indebtedness, letters of credit and any documents relating to any rights or obligations thereunder, powers of attorney, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendors' sales agreements, land contracts, leaseholds, ground rents, real estate and any other interest therein, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, services of any nature whatsoever, contracts of any nature whatsoever, and any other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future, or contingent.

§ 589.332 Railway sector of the Russian Federation economy.

The term *railway sector of the Russian Federation economy* includes the following activities and items produced in, sold from, purchased in, transiting, or distributed in the Russian Federa-

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tion: The procurement, design, manufacture, construction, maintenance, repair, refurbishment, assembly, sale, purchase, distribution, and transportation of trains, locomotives, rail cars, and other equipment used to transport passengers and goods via trains; any materials that are used to manufacture trains or other means necessary to move the trains, such as railway lines, equipment, engineering, mechanical, or electrical systems or methods, or technology; and any infrastructure or services used to support railway operations, such as passenger ticketing and on-board food sales or services.

§ 589.333 Russian person.

The term *Russian person* means an individual who is a citizen or national of the Russian Federation, or an entity organized under the laws of the Russian Federation.

§ 589.334 Shale projects.

The term *shale projects* as used in § 589.205 includes projects that have the potential to produce oil from resources located in shale formations as well as projects that have the potential to produce oil from resources located in fine-grained sedimentary rock formations including shale, limestone, dolomites, sandstones, and clay.

§ 589.335 Special Russian crude oil project.

The term *special Russian crude oil project* means a project intended to extract crude oil from:

- (a) The exclusive economic zone of the Russian Federation in waters more than 500 feet deep;
- (b) Russian arctic offshore locations; or
- (c) Shale formation located in the Russian Federation.

§ 589.336 Structured.

The term *structured*, with respect to a transaction, has the meaning given the term "structure" in 31 CFR 1010.100(xx) (or any corresponding similar regulation or ruling issued by the U.S. Department of the Treasury).

§ 589.337 Transfer.

The term *transfer* means any actual or purported act or transaction, whether or not evidenced by writing, and whether or not done or performed within the United States, the purpose, intent, or effect of which is to create, surrender, release, convey, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property. Without limitation on the foregoing, it shall include the making, execution, or delivery of any assignment, power, conveyance, check, declaration, deed, deed of trust, power of attorney, power of appointment, bill of sale, mortgage, receipt, agreement, contract, certificate, gift, sale, affidavit, or statement; the making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or levy of or under any judgment, decree, attachment, injunction, execution, or other judicial or administrative process or order, or the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree of any foreign country; the fulfillment of any condition; the exercise of any power of appointment, power of attorney, or other power; or the acquisition, disposition, transportation, importation, exportation, or withdrawal of any security.

§ 589.338 United States.

The term *United States* means the United States, its territories and possessions, and all areas under the jurisdiction or authority thereof.

§ 589.339 United States person; U.S. person.

The term *United States person* or *U.S. 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.

§ 589.340 U.S. depository institution.

The term *U.S. depository institution* means any entity (including its foreign branches) organized under the laws of

the United States or any jurisdiction within the United States, or any agency, office, or branch located in the United States of a foreign entity, that is engaged primarily in the business of banking (for example, banks, savings banks, savings associations, credit unions, trust companies, and United States bank holding companies) and is subject to regulation by Federal or State banking authorities.

§ 589.341 U.S. financial institution.

The term *U.S. financial institution* means any U.S. entity (including its foreign branches) 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, futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes depository institutions, banks, savings banks, money services businesses, trust companies, insurance companies, securities brokers and dealers, 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 U.S. holding companies, U.S. affiliates, or U.S. subsidiaries of any of the foregoing. This term includes those branches, offices, and agencies of foreign financial institutions that are located in the United States, but not such institutions' foreign branches, offices, or agencies.

§ 589.342 U.S.-registered broker or dealer in securities.

The term *U.S.-registered broker or dealer in securities* means any U.S. citizen, permanent resident alien, or entity organized under the laws of the United States or of any jurisdiction within the United States (including its foreign branches), or any agency, office, or branch of a foreign entity located in the United States, that:

- (a) Is a "broker" or "dealer" in securities within the meanings set forth in the Securities Exchange Act of 1934;
- (b) Holds or clears customer accounts; and

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(c) Is registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

§ 589.343 U.S.-registered money transmitter.

The term *U.S.-registered money transmitter* means any U.S. citizen, permanent resident alien, or entity organized under the laws of the United States or of any jurisdiction within the United States, including its foreign branches, or any agency, office, or branch of a foreign entity located in the United States, that is a money transmitter, as defined in 31 CFR 1010.100 and that is registered pursuant to 31 CFR 1022.380.

Subpart D—Interpretations

§ 589.401 Reference to amended sections.

(a) Reference to any section in this part is a reference to the same as currently amended, unless the reference includes a specific date. *See* 44 U.S.C. 1510.

(b) Reference to any ruling, order, instruction, direction, or license issued pursuant to this part is a reference to the same as currently amended unless otherwise so specified.

§ 589.402 Effect of amendment.

Unless otherwise specifically provided, any amendment, modification, or revocation of any provision in or appendix to this part or chapter or of any order, regulation, ruling, instruction, or license issued by OFAC does not affect any act done or omitted, or any civil or criminal proceeding commenced or pending, prior to such amendment, modification, or revocation. All penalties, forfeitures, and liabilities under any such order, regulation, ruling, instruction, or license continue and may be enforced as if such amendment, modification, or revocation had not been made.

§ 589.403 Termination and acquisition of an interest in blocked property.

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from a person whose property and interests in property are blocked pursu-

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ant to § 589.201, such property shall no longer be deemed to be property blocked pursuant to § 589.201, unless there exists in the property another interest that is blocked pursuant to § 589.201, the transfer of which has not been effected pursuant to license or other authorization.

(b) Unless otherwise specifically provided in a license or authorization issued pursuant to this part, if property (including any property interest) is transferred or attempted to be transferred to a person whose property and interests in property are blocked pursuant to § 589.201, such property shall be deemed to be property in which such person has an interest and therefore blocked.

§ 589.404 Transactions ordinarily incident to a licensed transaction.

(a) Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(1) An ordinarily incident transaction, not explicitly authorized within the terms of the license, by or with a person whose property and interests in property are blocked pursuant to § 589.201; or

(2) An ordinarily incident transaction, not explicitly authorized within the terms of the license, involving a debit to a blocked account or a transfer of blocked property.

(b) For example, a license authorizing a person to complete a securities sale involving Company A, whose property and interests in property are blocked pursuant to § 589.201, also authorizes other persons to engage in activities that are ordinarily incident and necessary to complete the sale, including transactions by the buyer, broker, transfer agents, and banks, provided that such other persons are not themselves persons whose property and interests in property are blocked pursuant to § 589.201.

§ 589.405 Exportation and reexportation of goods, services, or technology; provision and receipt of services.

(a) The prohibition on the exportation, reexportation, sale, or supply of

goods, services, or technology contained in § 589.207 applies to services performed on behalf of a person in the Crimea region of Ukraine or where the benefit of such services is otherwise received in the Crimea region of Ukraine, if such services are performed:

- (1) In the United States; or
- (2) Outside the United States by a U.S. person.

(b) The prohibitions contained in § 589.201 apply to services performed in the United States or by U.S. persons, wherever located:

- (1) On behalf of or for the benefit of any person whose property and interests in property are blocked pursuant to § 589.201; or

(2) With respect to property interests of any person whose property and interests in property are blocked pursuant to § 589.201.

(c) The prohibitions contained in § 589.201 apply to services received in the United States or by U.S. persons, wherever located, where the service is performed by or at the direction of a person whose property and interests in property are blocked pursuant to § 589.201.

(d)(1) For example, U.S. persons may not, except as authorized by or pursuant to this part, provide legal, accounting, financial, brokering, freight forwarding, transportation, public relations, or other services to any person in the Crimea region of Ukraine or any person whose property and interests in property are blocked pursuant to § 589.201, or negotiate with or enter into contracts signed by a person whose property and interests in property are blocked pursuant to § 589.201.

(2) For example, a U.S. person is engaged in a prohibited exportation of services to the Crimea region of Ukraine when it extends credit to a third-country firm specifically to enable that firm to manufacture goods for sale to the Crimea region of Ukraine.

NOTE 1 TO § 589.405: *See, for example,* §§ 589.506 and 589.508 for general licenses authorizing the provision of certain legal and emergency medical services.

§ 589.406 Offshore transactions involving blocked property.

The prohibitions in § 589.201 on transactions or dealings involving blocked property, as defined in § 589.303, apply to transactions by any U.S. person in a location outside the United States.

§ 589.407 Payments from blocked accounts to satisfy obligations prohibited.

Pursuant to § 589.201, no debits may be made to a blocked account to pay obligations to U.S. persons or other persons, except as authorized by or pursuant to this part.

NOTE 1 TO § 589.407: *See also* § 589.502(e), which provides that no license or other authorization contained in or issued pursuant to this part authorizes transfers of or payments from blocked property or debits to blocked accounts unless the license or other authorization explicitly authorizes the transfer of or payment from blocked property or the debit to a blocked account.

§ 589.408 Charitable contributions.

Unless specifically authorized by OFAC pursuant to this part, no charitable contribution of funds, goods, services, or technology, including contributions to relieve human suffering, such as food, clothing, or medicine, may be made by, to, or for the benefit of, or received from, a person whose property and interests in property are blocked pursuant to § 589.201. For the purposes of this part, a contribution is made by, to, or for the benefit of, or received from, a person whose property and interests in property are blocked pursuant to § 589.201 if made by, to, or in the name of, or received from or in the name of, such a person; if made by, to, or in the name of, or received from or in the name of, an entity or individual acting for or on behalf of, or owned or controlled by, such a person; or if made in an attempt to violate, to evade, or to avoid the bar on the provision of contributions by, to, or for the benefit of such a person, or the receipt of contributions from such a person.

§ 589.409 Credit extended and cards issued by financial institutions to a person whose property and interests in property are blocked.

The prohibition in § 589.201 on dealing in property subject to that section prohibits U.S. financial institutions from performing under any existing credit agreements, including charge cards, debit cards, or other credit facilities issued by a financial institution to a person whose property and interests in property are blocked pursuant to § 589.201.

§ 589.410 Setoffs prohibited.

A setoff against blocked property (including a blocked account), whether by a U.S. financial institution or other U.S. person, is a prohibited transfer under § 589.201 if effected after the effective date.

§ 589.411 Entities owned by one or more persons whose property and interests in property are blocked or who are subject to § 589.202, § 589.203, § 589.204, or § 589.205.

(a) Persons whose property and interests in property are blocked pursuant to § 589.201 have an interest in all property and interests in property of an entity in which such persons directly or indirectly own, whether individually or in the aggregate, a 50 percent or greater interest. The property and interests in property of such an entity, therefore, are blocked, and such an entity is a person whose property and interests in property are blocked pursuant to § 589.201, regardless of whether the name of the entity is incorporated into OFAC's Specially Designated Nationals and Blocked Persons List (SDN List).

(b) Persons subject to § 589.202, § 589.203, § 589.204, or § 589.205 have an interest in all property and interests in property of an entity in which such persons directly or indirectly own, whether individually or in the aggregate, a 50 percent or greater interest. The property and interests in property of such an entity, therefore, are also subject to § 589.202, § 589.203, § 589.204, or § 589.205, regardless of whether the name of the entity is incorporated into OFAC's Sectoral Sanctions Identifications List.

§ 589.412 Projects owned, or to which a majority of voting rights are held, by one or more persons subject to § 589.205.

The prohibitions in § 589.205(b) apply to projects owned 33 percent or more, or to projects in which a majority of voting interests are held, individually or in the aggregate, by one or more persons subject to § 589.205, their property, or their interests in property, including entities owned 50 percent or more by one or more persons subject to § 589.205.

Example 1 to § 589.412: If two entities that are each subject to § 589.205 each hold a 20 percent ownership interest in Project X, or together own a majority of the voting interests in Project X, then the prohibition in § 589.205(b) applies to Project X.

§ 589.413 Significant transaction(s); significant financial transaction(s).

In determining, for the purposes of §§ 589.201(a)(6)(vii) and 589.209, whether a transaction or a financial transaction is significant, the Secretary of the Treasury or the Secretary's designee will consider the totality of the facts and circumstances. As a general matter, some or all of the following factors may be considered:

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

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

(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.* (1) For the purposes of § 589.201(a)(6)(vii), the proximity between the foreign person engaging in the transaction(s) and the person(s) subject to sanctions pursuant to the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014, as amended (22 U.S.C. 8901–8910) (SSIDES), the Ukraine

Freedom Support Act of 2014, as amended (22 U.S.C. 8921–8930) (UFSA), title II of the Countering America's Adversaries Through Sanctions Act (Pub. L. 115–44, 131 Stat. 886 (codified in scattered sections of 22 U.S.C.)) (CAATSA), and any covered Executive order, or any child, spouse, parent, or sibling of such an individual.

(2) For the purposes of § 589.209(b), the proximity between the foreign financial institution engaging in the transaction(s) and the person with respect to which sanctions are imposed under section 4 of UFSA.

(3) For the purposes of § 589.209(c), the proximity between the foreign financial institution engaging in the financial transaction(s) and the Russian person included on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) as blocked pursuant to UFSA, E.O. 13660, E.O. 13661, E.O. 13662, or any other Executive order addressing the crisis in Ukraine.

(e) *Impact.* The impact of the transaction(s) on the objectives of UFSA, SSIDES, CAATSA, E.O. 13660, E.O. 13661, E.O. 13662, E.O. 13685, or any other Executive order issued pursuant to the national emergency declared in E.O. 13660.

(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 of the Treasury or the Secretary's designee deems relevant on a case-by-case basis in determining the significance of a transaction(s).

(h) *Persons solely identified on the Sectoral Sanctions Identifications List (SSI List) or Non-SDN Menu-Based Sanctions List (NS-MBS List).* For the purposes of § 589.201(a)(6)(vii) and § 589.209(b), a transaction in which the person(s) subject to sanctions is only identified on the SSI List or the NS-MBS List must also involve deceptive practices, for example attempts to obscure or conceal the actual parties or true nature of the transaction(s), or to evade sanctions, to potentially be considered significant.

(i) *Applicability.* For the purposes of this part, a transaction is not significant

if U.S. persons would not require a specific license from OFAC to participate in it.

§ 589.414 Facilitation; change of policies and procedures; referral of business opportunities offshore.

With respect to § 589.215, a prohibited facilitation or approval of a transaction by a foreign person occurs, among other instances, when a U.S. person:

(a) Alters its operating policies or procedures, or those of a foreign affiliate, to permit a foreign affiliate to accept or perform a specific contract, engagement, or transaction described in §§ 589.206 through 589.208 without the approval of the U.S. person, where such transaction previously required approval by the U.S. person and such transaction by the foreign affiliate would be prohibited by this part if performed directly by a U.S. person or from the United States;

(b) Refers to a foreign person purchase orders, requests for bids, or similar business opportunities involving a transaction described in §§ 589.206 through 589.208 to which the U.S. person could not directly respond as a result of the prohibitions contained in this part; or

(c) Changes the operating policies and procedures of a particular affiliate with the specific purpose of facilitating transactions that would be prohibited by this part if performed by a U.S. person or from the United States.

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

§ 589.501 General and specific licensing procedures.

For provisions relating to licensing procedures, see part 501, subpart E, of this chapter. Licensing actions taken pursuant to part 501 of this chapter with respect to the prohibitions contained in this part are considered actions taken pursuant to this part. General licenses and statements of licensing policy relating to this part also may be available through the Ukraine-/Russia-Related Sanctions page on OFAC's website: www.treas.gov/ofac.

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NOTE 1 TO § 589.501: Section 216 of the Countering America's Adversaries Through Sanctions Act (22 U.S.C. 9511) requires Congressional review prior to the issuance of a license that significantly alters the United States' foreign policy with regard to the Russian Federation.

§ 589.502 Effect of license or other authorization.

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

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

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

(d) Nothing contained in this part shall be construed to supersede the requirements established under any other provision of law or to relieve a person from any requirement to obtain a license or other authorization from another department or agency of the U.S. Government in compliance with applicable laws and regulations subject to the jurisdiction of that department or agency. For example, exports of goods, services, or technical data that are not prohibited by this part or that do not require a license by OFAC nevertheless may require authorization by the U.S. Department of Commerce, the

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U.S. Department of State, or other agencies of the U.S. Government.

(e) No license or other authorization contained in or issued pursuant to this part authorizes transfers of or payments from blocked property or debits to blocked accounts unless the license or other authorization explicitly authorizes the transfer of or payment from blocked property or the debit to a blocked account.

(f) Any payment relating to a transaction authorized in or pursuant to this part that is routed through the U.S. financial system should reference the relevant OFAC general or specific license authorizing the payment to avoid the blocking or rejection of the transfer.

§ 589.503 Exclusion from licenses.

OFAC reserves the right to exclude any person, property, transaction, or class thereof from the operation of any license or from the privileges conferred by any license. OFAC also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon actual or constructive notice of the exclusions or restrictions.

§ 589.504 Payments and transfers to blocked accounts in U.S. financial institutions.

Any payment of funds or transfer of credit in which a person whose property and interests in property are blocked pursuant to § 589.201 has any interest that comes within the possession or control of a U.S. financial institution must be blocked in an account on the books of that financial institution. A transfer of funds or credit by a U.S. financial institution between blocked accounts in its branches or offices is authorized, provided that no transfer is made from an account within the United States to an account held outside the United States, and further provided that a transfer from a blocked account may be made only to another blocked account held in the same name.

NOTE 1 TO § 589.504: See § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 589.211

concerning the obligation to hold blocked funds in interest-bearing accounts.

§ 589.505 Entries in certain accounts for normal service charges.

(a) A U.S. financial institution is authorized to debit any blocked account held at that financial institution in payment or reimbursement for normal service charges owed it by the owner of that blocked account.

(b) As used in this section, the term *normal service charges* shall include charges in payment or reimbursement for interest due; cable, telegraph, internet, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photocopies, credit reports, transcripts of statements, registered mail, insurance, stationery and supplies, and other similar items.

§ 589.506 Provision of certain legal services.

(a) The provision of the following legal services to or on behalf of persons whose property and interests in property are blocked pursuant to § 589.201, or to whom the provision of legal services would be prohibited by § 589.207, is authorized, provided that any receipt of payment of professional fees and reimbursement of incurred expenses must be authorized pursuant to § 589.507, which authorizes certain payments for legal services from funds originating outside the United States; via specific license; or otherwise pursuant to this part:

(1) Provision of legal advice and counseling on the requirements of and compliance with the laws of the United States or any jurisdiction within the United States, provided that such advice and counseling are not provided to facilitate transactions in violation of this part;

(2) Representation of persons named as defendants in or otherwise made parties to legal, arbitration, or administrative proceedings before any U.S. Federal, State, or local court or agency;

(3) Initiation and conduct of legal, arbitration, or administrative pro-

ceedings before any U.S. Federal, State, or local court or agency;

(4) Representation of persons before any U.S. Federal, State, or local court or agency with respect to the imposition, administration, or enforcement of U.S. sanctions against such persons or enforcement of U.S. sanctions against the Crimea region of Ukraine; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(b) The provision of any other legal services to or on behalf of persons whose property and interests in property are blocked pursuant to § 589.201, or to whom the provision of legal services would be prohibited by § 589.207, not otherwise authorized in this part, requires the issuance of a specific license.

(c) U.S. persons do not need to obtain specific authorization to provide related services, such as making filings and providing other administrative services that are ordinarily incident to the provision of services authorized by paragraph (a) of this section. Additionally, U.S. persons who provide services authorized by paragraph (a) of this section do not need to obtain specific authorization to contract for related services that are ordinarily incident to the provision of those legal services, such as those provided by private investigators or expert witnesses, or to pay for such services. *See* § 589.404.

(d) Entry into a settlement agreement or the enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment, or other judicial process purporting to transfer or otherwise alter or affect property or interests in property blocked pursuant to § 589.201 is prohibited unless licensed pursuant to this part.

(e) All receipts of payment of professional fees and reimbursement of incurred expenses for the provision of legal services authorized pursuant to paragraph (a) of this section to or on behalf of a person in the Crimea region of Ukraine, or in circumstances in which the benefit is otherwise received in the Crimea region of Ukraine, other than those persons whose property and

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interest in property are blocked pursuant to § 589.201, are authorized, except that nothing in this section authorizes the debiting of any blocked account or the transfer of any blocked property.

NOTE 1 TO § 589.506: Pursuant to part 501, subpart E, of this chapter, U.S. persons seeking administrative reconsideration or judicial review of their designation or the blocking of their property and interests in property may apply for a specific license from OFAC to authorize the release of certain blocked funds for the payment of professional fees and reimbursement of incurred expenses for the provision of such legal services where alternative funding sources are not available.

§ 589.507 Payments for legal services from funds originating outside the United States.

(a) *Professional fees and incurred expenses.* (1) Receipt of payment of professional fees and reimbursement of incurred expenses for the provision of legal services authorized pursuant to § 589.506(a) to or on behalf of any person whose property and interests in property are blocked pursuant to § 589.201 is authorized from funds originating outside the United States, provided that the funds do not originate from:

- (i) A source within the United States;
- (ii) Any source, wherever located, within the possession or control of a U.S. person; or
- (iii) Any individual or entity, other than the person on whose behalf the legal services authorized pursuant to § 589.506(a) are to be provided, whose property and interests in property are blocked pursuant to any part of this chapter or any Executive order or statute.

(2) Nothing in paragraph (a) of this section authorizes payments for legal services using funds in which any other person whose property and interests in property are blocked pursuant to § 589.201, any other part of this chapter, or any Executive order or statute has an interest.

(b) *Records.* Consistent with §§ 501.601 and 501.602 of this chapter, U.S. persons who receive payments pursuant to paragraph (a) of this section must retain for ten years from the date of the relevant payment, and furnish to OFAC on demand, a record that specifies the following for each payment:

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(1) The individual or entity from whom the funds originated and the amount of funds received; and

(2) If applicable:

(i) The names of any individuals or entities providing related services to the U.S. person receiving payment in connection with authorized legal services, such as private investigators or expert witnesses;

(ii) A general description of the services provided; and

(iii) The amount of funds paid in connection with such services.

[87 FR 26099, May 2, 2022, as amended at 89 FR 103648, Dec. 19, 2024]

§ 589.508 Emergency medical services.

The provision and receipt of non-scheduled emergency medical services that are prohibited by this part are authorized.

§ 589.509 Investment and reinvestment of certain funds.

Subject to the requirements of § 589.211, U.S. financial institutions are authorized to invest and reinvest assets blocked pursuant to § 589.201, subject to the following conditions:

(a) The assets representing such investments and reinvestments are credited to a blocked account or subaccount that is held in the same name at the same U.S. financial institution, or within the possession or control of a U.S. person, but funds shall not be transferred outside the United States for this purpose;

(b) The proceeds of such investments and reinvestments shall not be credited to a blocked account or subaccount under any name or designation that differs from the name or designation of the specific blocked account or subaccount in which such funds or securities were held; and

(c) No immediate financial or economic benefit accrues (*e.g.*, through pledging or other use) to a person whose property and interests in property are blocked pursuant to § 589.201.

§ 589.510 Official business of the United States Government.

All transactions prohibited by this part that are for the conduct of the official business of the United States

Government by employees, grantees, or contractors thereof are authorized.

§ 589.511 Official business of certain international organizations and entities.

All transactions prohibited by this part that are for the conduct of the official business of the following entities, by employees, grantees, or contractors thereof are authorized:

(a) The United Nations, including its Programmes, Funds, and Other Entities and Bodies, as well as its Specialized Agencies and Related Organizations;

(b) The International Centre for Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA);

(c) The African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank Group (IDB Group), including any fund entity administered or established by any of the foregoing; and

(d) The International Committee of the Red Cross and the International Federation of Red Cross and Red Crescent Societies.

§ 589.512 Certain transactions related to derivatives prohibited by § 589.202, § 589.203, or § 589.204.

(a) All transactions by U.S. persons, wherever located, and transactions within the United States involving derivative products whose value is linked to an underlying asset that constitutes prohibited debt issued by a person subject to § 589.202, § 589.203, or § 589.204, or prohibited equity issued by a person subject to § 589.202, are authorized.

(b) This section does not authorize the holding, purchasing, or selling of underlying assets otherwise prohibited by § 589.202, § 589.203, or § 589.204 by U.S. persons, wherever are located, or within the United States.

§ 589.513 Exportation or reexportation of agricultural commodities, medicine, medical supplies, and replacement parts to the Crimea region of Ukraine.

(a)(1) *Agricultural commodities, medicine, and medical supplies.* Except as provided in paragraphs (b)(1) through

(3) of this section, the exportation or reexportation, from the United States or by a U.S. person, wherever located, of agricultural commodities, medicine, and medical supplies to the Crimea region of Ukraine, or to persons in third countries purchasing specifically for resale to the Crimea region of Ukraine, and the conduct of related transactions are authorized.

(2) *Replacement parts.* Except as provided in paragraph (b)(1) of this section, the exportation or reexportation, from the United States or by a U.S. person, wherever located, of replacement parts for medical supplies exported or reexported pursuant to paragraph (a)(1) of this section, and the conduct of related transactions are authorized, provided that such replacement parts are designated as EAR99, or, in the case of replacement parts that are not subject to the Export Administration Regulations, 15 CFR parts 730 through 744 (EAR), are not listed under any multilateral export control regime; and further provided that such replacement parts are limited to a one-for-one export or reexport basis (*i.e.*, only one replacement part can be exported or reexported to replace a broken or non-operational component).

NOTE 1 TO PARAGRAPH (a): Related transactions in this paragraph include the making of shipping and cargo inspection arrangements, the obtaining of insurance, the arrangement of financing and payment, shipping of the goods, receipt of payment, and the entry into contracts (including executory contracts).

(b)(1) *Excluded persons.* Paragraphs (a)(1) and (2) of this section do not authorize the exportation or reexportation of agricultural commodities, medicine, medical supplies, or replacement parts to military or law enforcement purchasers or importers.

(2) *Excluded agricultural commodities.* Paragraph (a)(1) of this section does not authorize the exportation or reexportation of the following items: Castor beans, castor bean seeds, certified pathogen-free eggs (unfertilized or fertilized), dried egg albumin, live animals (excluding live cattle), embryos (excluding cattle embryos), Rosary/Jequirity peas, non-food-grade gelatin powder, peptones and their derivatives, super absorbent polymers, western red cedar, or all fertilizers.

(3) *Excluded medicines.* Paragraph (a)(1) of this section does not authorize the exportation or reexportation of the following medicines: Non-NSAID analgesics, cholinergics, anticholinergics, opioids, narcotics, benzodiazepenes, and bioactive peptides.

(c)(1) *Other excluded items agricultural commodities.* For the purposes of this section, agricultural commodities do not include furniture made from wood; clothing manufactured from plant or animal materials; agricultural equipment (whether hand tools or motorized equipment); pesticides, insecticides, or herbicides; or cosmetics (unless derived entirely from plant materials).

(2) *Other excluded medicine.* For the purposes of this section, medicine does not include cosmetics.

(d) Nothing in this section relieves the exporter from compliance with the export license application requirements of another Federal agency.

(e) Nothing in this section authorizes the exportation or reexportation of any agricultural commodity, medicine, or medical device controlled on the United States Munitions List established under section 38 of the Arms Export Control Act (22 U.S.C. 2778); controlled on any control list established under the Export Administration Act of 1979 or any successor statute (50 U.S.C. App. 2401 *et seq.*); or used to facilitate the development or production of a chemical or biological weapon or weapon of mass destruction.

(f) Nothing in this section affects prohibitions on the sale or supply of U.S. technology or software used to manufacture agricultural commodities, medicine, or medical devices, such as technology to design or produce biotechnological items or medical devices.

(g) Nothing in this section affects U.S. nonproliferation export controls, including the end-user and end-use controls maintained under Part 744 of the EAR, 15 CFR part 744.

(h) Nothing in this section authorizes any transaction or dealing with a person whose property and interests in property are blocked pursuant to 31 CFR 536.201, 544.201, 594.201, 597.201, or 598.202, or with any foreign organization, group, or person subject to any restriction for its involvement in weapons of mass destruction or missile pro-

liferation, or involving property blocked pursuant to this chapter or any other activity prohibited by this chapter not otherwise authorized in or pursuant to this part.

(i) Nothing in this section authorizes the exportation or reexportation of any agricultural commodity, medicine, or medical device that is not designated as EAR99 or, in the case of any agricultural commodity, medicine, or medical device not subject to the EAR, is not listed under any multilateral export control regime.

(j) For the purposes of this section, agricultural commodities, medicine, medical devices, and medical supplies are defined below.

(1) *Agricultural commodities.* For the purposes of this section, *agricultural commodities* are:

(i) In the case of products subject to the EAR, products that are designated as EAR99, and, in the case of products not subject to the EAR, products that are not listed under any multilateral export control regime, in each case that fall within the term “agricultural commodity” as defined in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602); and

(ii) In the case of products subject to the EAR, products that are designated as EAR99, and in the case of products not subject to the EAR, products that are not listed under any multilateral export control regime, in each case that are intended for ultimate use in the Crimea region of Ukraine as: Food for humans (including raw, processed, and packaged foods, live animals, vitamins and minerals, food additives or supplements, and bottled drinking water) or animals (including animal feeds); seeds for food crops; fertilizers or organic fertilizers; or reproductive materials (such as live animals, fertilized eggs, embryos, and semen) for the production of food animals;

(2) *Medicine.* For the purposes of this section, *medicine* is an item that falls within the definition of the term “drug” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) and that, in the case of an item subject to the EAR, is designated as EAR99 or, in the case of an item not subject to the EAR, is not listed under

any multilateral export control regime.

(3) *Medical devices.* For the purposes of this section, a *medical device* is an item that falls within the definition of “device” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) and that, in the case of an item subject to the EAR, is designated as EAR99, or in the case of an item not subject to the EAR, is not listed under any multilateral export control regime.

(4) *Medical supplies.* For purposes of this section, the term *medical supplies* means those medical devices, as defined in paragraph (j)(3) of this section, that are included on the List of Medical Supplies on OFAC’s website (www.treas.gov/ofac) on the Ukraine-/Russia-Related Sanctions page.

NOTE 1 TO PARAGRAPH (j)(4): The List of Medical Supplies is maintained on OFAC’s website (www.treas.gov/ofac) on the Ukraine-/Russia-Related Sanctions page. The list will be published in the FEDERAL REGISTER, as will any changes to the list.

(k) Specific licenses may be issued on a case-by-case basis to authorize the export or reexport of medical devices that are not medical supplies (and therefore not authorized pursuant to paragraph (a)(1) of this section) to the Crimea region of Ukraine, or to persons in third countries purchasing specifically for resale to the Crimea region of Ukraine.

§589.514 Noncommercial, personal remittances to or from the Crimea region of Ukraine or for or on behalf of individuals ordinarily resident in the Crimea region of Ukraine.

(a)(1) U.S. persons are authorized to send and receive, and U.S. depository institutions, U.S.-registered brokers or dealers in securities, and U.S.-registered money transmitters are authorized to process transfers of, funds to or from the Crimea region of Ukraine or for or on behalf of an individual ordinarily resident in the Crimea region of Ukraine in cases in which the transfer involves a noncommercial, personal remittance, provided the transfer is not by, to, or through any person whose property and interests in property are blocked pursuant to §589.201.

(2) Noncommercial, personal remittances do not include charitable donations of funds to or for the benefit of an entity or funds transfers for use in supporting or operating a business, including a family-owned business.

(b) The transferring institutions identified in paragraph (a) of this section may rely on the originator of a funds transfer with regard to compliance with paragraph (a), provided that the transferring institution does not know or have reason to know that the funds transfer is not in compliance with paragraph (a).

(c) An individual who is a U.S. person is authorized to carry funds as a non-commercial, personal remittance, as described in paragraph (a) of this section, to an individual in the Crimea region of Ukraine or to an individual ordinarily resident in the Crimea region of Ukraine, other than an individual whose property and interests in property are blocked pursuant §589.201, provided that the individual who is a U.S. person is carrying the funds on his or her behalf, but not on behalf of another person.

§589.515 Operation of accounts for individuals ordinarily resident in the Crimea region of Ukraine.

The operation of an account in a U.S. financial institution for an individual ordinarily resident in the Crimea region of Ukraine, other than an individual whose property and interests in property are blocked §589.201, is authorized, provided that transactions processed through the account:

(a) Are of a personal nature and not for use in supporting or operating a business;

(b) Do not involve transfers, directly or indirectly, to the Crimea region of Ukraine or for the benefit of individuals ordinarily resident in the Crimea region of Ukraine unless authorized by §589.514; and

§589.516 Transactions related to telecommunications and mail involving the Crimea region of Ukraine.

(a)(1) Except as provided in paragraph (a)(2) of this section, all transactions with respect to the receipt and transmission of telecommunications involving the Crimea region of Ukraine

are authorized, provided that no payment pursuant to this section may involve any transaction with a person whose property and interests in property are blocked pursuant to § 589.201.

(2) This section does not authorize:

(i) The provision, sale, or lease of telecommunications equipment or technology; or

(ii) The provision, sale, or lease of capacity on telecommunications transmission facilities (such as satellite or terrestrial network activity).

(b) All transactions of common carriers incident to the receipt or transmission of mail and packages between the United States and the Crimea region of Ukraine are authorized, provided that the importation or exportation of such mail and packages is exempt from or authorized pursuant to this part.

§ 589.517 Exportation of certain services and software incident to internet-based communications to the Crimea Region of Ukraine.

(a) Except as provided in paragraph (d) of this section, the exportation or reexportation, directly or indirectly, from the United States or by U.S. persons, wherever located, to persons in the Crimea region of Ukraine of services incident to the exchange of personal communications over the internet, such as instant messaging, chat and email, social networking, sharing of photos and movies, web browsing, and blogging, is authorized, provided that such services are widely available to the public at no cost to the user.

(b) Except as provided in paragraph (d) of this section, the exportation or reexportation, directly or indirectly, from the United States or by U.S. persons, wherever located, to persons in the Crimea region of Ukraine of software necessary to enable the services described in paragraph (a) of this section is authorized, provided that such software is designated EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774 (EAR), or is classified by the Department of Commerce as mass market software under export control classification number (ECCN) 5D992 of the EAR, and provided further that such software is widely

available to the public at no cost to the user.

(c) Except as provided in paragraph (d) of this section, the exportation or reexportation, directly or indirectly, from the United States or by U.S. persons, wherever located, to persons in the Crimea region of Ukraine of software that is not subject to the EAR because it is of foreign origin and is located outside the United States that is necessary to enable the services described in paragraph (a) of this section is authorized, provided that such software is not listed under any multilateral export control regime, or would meet the criteria for classification under ECCN 5D992 of the EAR if it were subject to the EAR, and provided further that such software is widely available to the public at no cost to the user.

(d) This section does not authorize:

(1) The exportation or reexportation, directly or indirectly, of services or software with knowledge or reason to know that such services or software are intended for any person whose property and interests in property are blocked pursuant to § 589.201.

(2) The exportation or reexportation, directly or indirectly, of any goods or technology listed on the Commerce Control List in the EAR, 15 CFR part 774, supplement No. 1 (CCL), except for software necessary to enable the services described in paragraph (a) of this section that is classified by the Department of Commerce as mass market software under ECCN 5D992 of the EAR;

(3) The exportation or reexportation, directly or indirectly, of commercial-grade internet connectivity services or telecommunications transmission facilities (such as dedicated satellite links or dedicated lines that include quality of service guarantees); or

(4) The exportation or reexportation, directly or indirectly, of web-hosting services that are for commercial endeavors or of domain name registration services.

(e) Specific licenses may be issued on a case-by-case basis for the exportation or reexportation of services or software incident to the exchange of personal communications over the internet not specified in paragraph (a), (b), or (c) of this section, and for the exportation or

reexportation of hardware incident to the exchange of personal communications over the internet.

§589.518 Transactions necessary and ordinarily incident to publishing in the Crimea region of Ukraine.

(a) To the extent that such activities are not exempt from this part, and subject to the restrictions set forth in paragraphs (b) through (d) of this section, U.S. persons are authorized to engage in all transactions necessary and ordinarily incident to the publishing and marketing of manuscripts, books, journals, and newspapers in paper or electronic format (collectively, “written publications”) involving the Crimea region of Ukraine. This paragraph does not apply if the parties to the transactions described in this paragraph include any person whose property and interests in property are blocked pursuant to §589.201. Pursuant to this section, the following activities are authorized, provided that U.S. persons ensure that they are not engaging, without separate authorization, in the activities identified in paragraphs (b) through (d) of this section:

(1) Commissioning and making advance payments for identifiable written publications not yet in existence, to the extent consistent with industry practice;

(2) Collaborating on the creation and enhancement of written publications;

(3)(i) Augmenting written publications through the addition of items such as photographs, artwork, translation, explanatory text, and, for a written publication in electronic format, the addition of embedded software necessary for reading, browsing, navigating, or searching the written publication;

(ii) Exporting embedded software necessary for reading, browsing, navigating, or searching a written publication in electronic format, provided that, to the extent authorization is required under the Export Administration Regulations, 15 CFR parts 730 through 774 (EAR), the exportation is licensed or otherwise authorized by the Department of Commerce under the provisions of the EAR;

(4) Substantive editing of written publications;

(5) Payment of royalties for written publications;

(6) Creating or undertaking a marketing campaign to promote a written publication; and

(7) Other transactions necessary and ordinarily incident to the publishing and marketing of written publications as described in this paragraph (a).

(b) This section does not authorize transactions involving the provision of goods or services not necessary and ordinarily incident to the publishing and marketing of written publications as described in paragraph (a) of this section. For example, this section does not authorize persons subject to the jurisdiction of the United States:

(1) To provide or receive individualized or customized services (including, but not limited to, accounting, legal, design, or consulting services), other than those necessary and ordinarily incident to the publishing and marketing of written publications, even though such individualized or customized services are delivered through the use of information and informational materials;

(2) To create or undertake for any person a marketing campaign with respect to any service or product other than a written publication, or to create or undertake a marketing campaign of any kind;

(3) To engage in the exportation or importation of goods to or from the Crimea region of Ukraine other than the exportation of embedded software described in paragraph (a)(3)(ii) of this section; or

(4) To operate a publishing house, sales outlet, or other office in the Crimea region of Ukraine.

(c) This section does not authorize U.S. persons to engage the services of publishing houses or translators in the Crimea region of Ukraine unless such activity is primarily for the dissemination of written publications in the Crimea region of Ukraine.

(d) This section does not authorize:

(1) The exportation from or the importation into the United States of services for the development, production, or design of software;

(2) Transactions for the development, production, design, or marketing of technology specifically controlled by

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the International Traffic in Arms Regulations, 22 CFR parts 120 through 130 (ITAR), the EAR, or the Department of Energy Regulations set forth at 10 CFR part 810.

(3) The exportation of information or technology subject to the authorization requirements of 10 CFR part 810, or Restricted Data as defined in section 11 y. of the Atomic Energy Act of 1954, as amended, or of other information, data, or technology the release of which is controlled under the Atomic Energy Act and regulations therein;

(4) The exportation of any item (including information) subject to the EAR where a U.S. person knows or has reason to know that the item will be used, directly or indirectly, with respect to certain nuclear, missile, chemical, or biological weapons or nuclear-maritime end-uses as set forth in part 744 of the EAR. In addition, U.S. persons are precluded from exporting any item subject to the EAR to certain restricted end-users, as set forth in part 744 of the EAR, as well as certain persons whose export privileges have been denied pursuant to parts 764 or 766 of the EAR, without authorization from the Department of Commerce; or

(5) The exportation of information subject to licensing requirements under the ITAR, or exchanges of information that are subject to regulation by other government agencies.

§ 589.519 Emergency landings and air ambulance services in the Crimea region of Ukraine.

(a) The receipt of, and payment of charges for, services rendered in connection with emergency landings in the Crimea region of Ukraine by aircraft registered in the United States or owned or controlled by, or chartered to, persons subject to U.S. jurisdiction that would be prohibited by § 589.206, § 589.207, or § 589.208 are authorized.

(b) U.S. persons are authorized to engage in all transactions prohibited by § 589.206, § 589.207, or § 589.208 that are necessary to provide air ambulance and related medical services, including medical evacuation from the Crimea region of Ukraine, for individuals in the Crimea region of Ukraine.

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§ 589.520 Certain transactions in support of nongovernmental organizations' activities in the Crimea region of Ukraine.

Nongovernmental organizations are authorized to export or reexport services to the Crimea region of Ukraine that would be prohibited by § 589.207 in support of the following not-for-profit activities:

(a) Activities to support humanitarian projects to meet basic human needs in the Crimea region of Ukraine, including drought and flood relief; food, nutrition, and medicine distribution; the provision of health services; assistance for vulnerable populations, including individuals with disabilities; and environmental programs;

(b) Activities to support democracy building in the Crimea region of Ukraine, including activities to support rule of law, citizen participation, government accountability, universal human rights and fundamental freedoms, access to information, and civil society development projects;

(c) Activities to support education in the Crimea region of Ukraine, including combating illiteracy, increasing access to education, international exchanges, and assisting education reform projects;

(d) Activities to support non-commercial development projects directly benefiting the Crimean people, including preventing infectious disease and promoting maternal/child health, and clean water assistance; and

(e) Activities to support environmental protection, including the preservation and protection of threatened or endangered species and the remediation of pollution or other environmental damage.

[87 FR 26099, May 2, 2022, as amended at 89 FR 67557, Aug. 21, 2024]

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

(a) During the 10-day period beginning on the effective date of the prohibition in § 589.209 on the opening and the prohibition or imposition of one or more strict conditions on the maintaining of a correspondent account or a payable-through account for a foreign financial institution listed on the List

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of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), U.S. financial institutions that maintain correspondent accounts or payable-through accounts for the foreign financial institution are authorized to:

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

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

(b) A report must be filed with OFAC within 30 days of the closure of an account, providing full details on the closing of each correspondent account or payable-through account maintained by a U.S. financial institution for a foreign financial institution whose name is added to the CAPTA List. Such report must include complete information on the closing of the account and on all transactions processed or executed through the account pursuant to this section, including the account outside of the United States to which funds remaining in the account were transferred. The reports, which must reference this section, are to be submitted to OFAC using one of the following methods:

(1) *Email (preferred method):* OFACReport@treasury.gov; or

(2) *U.S. mail:* Attention: Enforcement Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue NW, Freedman's Bank Building, Washington, DC 20220.

(c) Specific licenses may be issued on a case-by-case basis to authorize transactions outside the scope or time period authorized in paragraph (a) of this section by a U.S. financial institution with respect to a correspondent account or a payable-through account maintained by the U.S. financial institution for a foreign financial institution whose name is added to the

CAPTA List. License applications should be filed in conformance with § 501.801 of the Reporting, Procedures and Penalties Regulations, 31 CFR part 501.

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

NOTE 1 TO § 589.521: This section does not authorize a U.S. financial institution to unblock property or interests in property, or to engage in any transaction or dealing in property or interests in property, blocked pursuant to any other part of this chapter in the process of closing a correspondent account or a payable-through account for a foreign financial institution whose name has been added to the CAPTA List. See § 589.101.

[87 FR 58996, Sept. 29, 2022, as amended at 89 FR 15742, Mar. 5, 2024]

Subpart F—Reports

§ 589.601 Records and reports.

For provisions relating to required records and reports, see part 501, subpart C, of this chapter. Recordkeeping and reporting requirements imposed by part 501 of this chapter with respect to the prohibitions contained in this part are considered requirements arising pursuant to this part.

Subpart G—Penalties and Findings of Violation

§ 589.701 Penalties.

(a) Section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) (IEEPA) is applicable to violations of the provisions of any license, ruling, regulation, order, directive, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under IEEPA.

(1) A civil penalty not to exceed the amount set forth in section 206 of IEEPA may be imposed on any person who violates, attempts to violate, conspires to violate, or causes a violation of any license, order, regulation, or prohibition issued under IEEPA.

(2) IEEPA provides for a maximum civil penalty not to exceed the greater of \$377,700 or an amount that is twice the amount of the transaction that is

the basis of the violation with respect to which the penalty is imposed.

(3) A person who willfully commits, willfully attempts to commit, willfully conspires to commit, or aids or abets in the commission of a violation of any license, order, regulation, or prohibition may, upon conviction, be fined not more than \$1,000,000, or if a natural person, be imprisoned for not more than 20 years, or both.

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

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

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

(d) Violations of this part may also be subject to other applicable laws.

[87 FR 26099, May 2, 2022, as amended at 88 FR 2234, Jan. 13, 2023; 89 FR 2144, Jan. 12, 2024; 90 FR 3693, Jan. 15, 2025]

§ 589.702 Pre-Penalty Notice; settlement.

(a) *When required.* If OFAC has reason to believe that there has occurred a violation of any provision of this part or a violation of the provisions of any license, ruling, regulation, order, directive, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) and determines that a civil monetary penalty is warranted, OFAC will issue a Pre-Penalty Notice informing the alleged violator of the agency's intent to

impose a monetary penalty. A Pre-Penalty Notice shall be in writing. The Pre-Penalty Notice may be issued whether or not another agency has taken any action with respect to the matter. For a description of the contents of a Pre-Penalty Notice, see appendix A to part 501 of this chapter.

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

(2) *Deadline for response.* A response to a Pre-Penalty Notice must be made within 30 days as set forth in paragraphs (b)(2)(i) and (ii) of this section. The failure to submit a response within 30 days shall be deemed to be a waiver of the right to respond.

(i) *Computation of time for response.* A response to a Pre-Penalty Notice must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier service provider (if transmitted to OFAC by courier), or dated if sent by email, on or before the 30th day after the postmark date on the envelope in which the Pre-Penalty Notice was mailed or date the Pre-Penalty Notice was emailed. If the Pre-Penalty Notice was personally delivered by a non-U.S. Postal Service agent authorized by OFAC, a response must be postmarked or date-stamped on or before the 30th day after the date of delivery.

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

(3) *Form and method of response.* A response to a Pre-Penalty Notice need not be in any particular form, but it must be typewritten and signed by the alleged violator or a representative thereof (electronic signature is acceptable), contain information sufficient to indicate that it is in response to the Pre-Penalty Notice, and include the OFAC identification number listed on the Pre-Penalty Notice. The response must be sent to OFAC's Enforcement

Division by mail or courier or email and must be postmarked or date-stamped in accordance with paragraph (b)(2) of this section.

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

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

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

[87 FR 58996, Sept. 29, 2022, as amended at 89 FR 15743, Mar. 5, 2024]

§ 589.703 Penalty imposition.

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

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

In the event that the violator does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to OFAC, the matter may be referred for administrative collection measures by the Department of the Treasury or to the United States

Department of Justice for appropriate action to recover the penalty in a civil suit in a Federal district court.

§ 589.705 Findings of Violation.

(a) *When issued*. (1) OFAC may issue an initial Finding of Violation that identifies a violation if OFAC:

(i) Determines that there has occurred a violation of any provision of this part, or a violation of the provisions of any license, ruling, regulation, order, directive, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*);

(ii) Considers it important to document the occurrence of a violation; and

(iii) Based on the Guidelines contained in appendix A to part 501 of this chapter, concludes that an administrative response is warranted but that a civil monetary penalty is not the most appropriate response.

(2) An initial Finding of Violation shall be in writing and may be issued whether or not another agency has taken any action with respect to the matter. For additional details concerning issuance of a Finding of Violation, see appendix A to part 501 of this chapter.

(b) *Response*—(1) *Right to respond*. An alleged violator has the right to contest an initial Finding of Violation by providing a written response to OFAC.

(2) *Deadline for response; default determination*. A response to an initial Finding of Violation must be made within 30 days as set forth in paragraphs (b)(2)(i) and (ii) of this section. The failure to submit a response within 30 days shall be deemed to be a waiver of the right to respond, and the initial Finding of Violation will become final and will constitute final agency action. The violator has the right to seek judicial review of that final agency action in Federal district court.

(i) *Computation of time for response*. A response to an initial Finding of Violation must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier service provider (if transmitted to OFAC by courier), or

dated if sent by email, on or before the 30th day after the postmark date on the envelope in which the initial Finding of Violation was served or date the Finding of Violation was sent by email. If the initial Finding of Violation was personally delivered by a non-U.S. Postal Service agent authorized by OFAC, a response must be postmarked or date-stamped on or before the 30th day after the date of delivery.

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

(3) *Form and method of response.* A response to an initial Finding of Violation need not be in any particular form, but it must be typewritten and signed by the alleged violator or a representative thereof (electronic signature is acceptable), contain information sufficient to indicate that it is in response to the initial Finding of Violation, and include the OFAC identification number listed on the initial Finding of Violation. The response must be sent to OFAC's Enforcement Division by mail or courier or email and must be postmarked or date-stamped in accordance with paragraph (b)(2) of this section.

(4) *Information that should be included in response.* Any response should set forth in detail why the alleged violator either believes that a violation of the regulations did not occur and/or why a Finding of Violation is otherwise unwarranted under the circumstances, with reference to the General Factors Affecting Administrative Action set forth in the Guidelines contained in appendix A to part 501 of this chapter. The response should include all documentary or other evidence available to the alleged violator that supports the arguments set forth in the response. OFAC will consider all relevant materials submitted in the response.

(c) *Determination—(1) Determination that a Finding of Violation is warranted.* If, after considering the response, OFAC determines that a final Finding of Violation should be issued, OFAC will issue a final Finding of Violation that will inform the violator of its de-

cision. A final Finding of Violation shall constitute final agency action. The violator has the right to seek judicial review of that final agency action in Federal district court.

(2) *Determination that a Finding of Violation is not warranted.* If, after considering the response, OFAC determines a Finding of Violation is not warranted, then OFAC will inform the alleged violator of its decision not to issue a final Finding of Violation.

NOTE 1 TO PARAGRAPH (c)(2): A determination by OFAC that a final Finding of Violation is not warranted does not preclude OFAC from pursuing other enforcement actions consistent with the Guidelines contained in appendix A to part 501 of this chapter.

(d) *Representation.* A representative of the alleged violator may act on behalf of the alleged violator, but any oral communication with OFAC prior to a written submission regarding the specific alleged violations contained in the initial Finding of Violation must be preceded by a written letter of representation, unless the initial Finding of Violation was served upon the alleged violator in care of the representative.

[87 FR 58996, Sept. 29, 2022, as amended at 89 FR 15743, Mar. 5, 2024]

Subpart H—Procedures

§ 589.801 Procedures.

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

§ 589.802 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 (E.O.) 13660 of March 6, 2014, E.O. 13661 of March 16, 2014, E.O. 13662 of March 20, 2014, E.O. 13685 of December 19, 2014, E.O. 13849 of September 20, 2018, and any further Executive orders relating to the national emergency declared in E.O. 13660, and

any action that the Secretary of the Treasury is authorized to take pursuant to Presidential Memorandum of September 29, 2017: Delegation of Certain Functions and Authorities under the Countering America's Adversaries Through Sanctions Act of 2017, the Ukraine Freedom Support Act of 2014, and the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014, may be taken by the Director of OFAC or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

Subpart I—Paperwork Reduction Act

§ 589.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures, and other procedures, see § 501.901 of this chapter. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

PART 590—TRANSNATIONAL CRIMINAL ORGANIZATIONS SANCTIONS REGULATIONS

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

Sec.

590.101 Relation of this part to other laws and regulations.

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

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590.512 Authorizing Certain Transactions in Support of Nongovernmental Organizations' Activities.