

ELECTRONIC CODE OF FEDERAL REGULATIONS

e-CFR data is current as of June 28, 2021

Title 31 → Subtitle B → Chapter V → Part 561 → Subpart B

Title 31: Money and Finance: Treasury

PART 561—IRANIAN FINANCIAL SANCTIONS REGULATIONS

Subpart B—Prohibitions

Contents

- §561.201 CISADA-based sanctions on certain foreign financial institutions.
 - §561.202 Prohibitions on persons owned or controlled by U.S. financial institutions.
 - §561.203 NDAA-based sanctions on certain foreign financial institutions.
 - §561.204 Additional petroleum-related sanctions on certain foreign financial institutions.
 - §561.205 Metals-related sanctions on certain foreign financial institutions.
 - §561.220 Evasions; attempts; causing violations; conspiracies.
-

[↑ Back to Top](#)

§561.201 CISADA-based sanctions on certain foreign financial institutions.

Upon a finding by the Secretary of the Treasury that a foreign financial institution knowingly engages in one or more of the activities described in paragraphs (a)(1) through (a) (6) of this section, attempts or conspires to facilitate or participate in one or more of such activities, or is owned or controlled by a foreign financial institution that the Secretary finds knowingly engages in one or more of such activities, consistent with the Secretary of the Treasury's authorities under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Pub. L. 111-195) (22 U.S.C. 8501-8551) ("CISADA"), as amended by the Iran Threat Reduction and Syria Human Rights Act of 2012 (Pub. L. 112-158), either the Secretary of the Treasury will impose one or more strict conditions, as set forth in paragraph (b) of this section, on the opening or maintaining of a correspondent account or a payable-through account in the United States for that foreign financial institution, or, as set forth in paragraph (c) of this section, the Secretary of the Treasury will prohibit a U.S. financial institution from opening or maintaining a correspondent account or a payable-through account in the United States for that foreign financial institution. The name of the foreign financial institution and the relevant prohibition or strict condition(s) will be added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List) on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac) and published in the FEDERAL REGISTER.

(a) A foreign financial institution engages in an activity described in this paragraph if, in any location or currency, the foreign financial institution knowingly:

(1) Facilitates the efforts of the Government of Iran (including efforts of Iran's Islamic Revolutionary Guard Corps or any of its agents or affiliates)—

(i) To acquire or develop weapons of mass destruction or delivery systems for weapons of mass destruction; or

(ii) To provide support for organizations designated as foreign terrorist organizations under section 219(a) of the Immigration and Nationality Act (8 U.S.C. 1189(a)) or support for acts of international terrorism, as defined in §561.312 of this part;

(2) Facilitates the activities of—

(i) A person subject to financial sanctions pursuant to United Nations Security Council Resolutions 1737, 1747, 1803, or 1929, or any other resolution adopted by the Security Council that imposes sanctions with respect to Iran; or

(ii) A person acting on behalf of or at the direction of, or owned or controlled by, a person described in paragraph (a)(2)(i) of this section;

NOTE TO PARAGRAPH (a)(2) OF §561.201: Persons subject to financial sanctions pursuant to the United Nations Security Council resolutions listed in §561.201(a)(2) include individuals and entities listed in the Annex to UNSC Resolution 1737, Annex I of UNSC Resolution 1747, Annexes I and III of UNSC Resolution 1803, and Annexes I, II, and III of UNSC Resolution 1929; and individuals and entities designated by the Security Council or by the Committee established pursuant to UNSC Resolution 1737 (the "Committee") as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities, or the development of nuclear weapon delivery systems; and individuals and entities acting on behalf of or at the direction of those so listed or designated; and entities owned or controlled by those so listed or designated; and individuals and entities determined by the Security Council or the Committee to have assisted listed or designated individuals or entities in evading sanctions of, or in violating the provisions of, UNSC Resolutions 1737, 1747, 1803, or 1929.

(3) Engages in money laundering to carry out an activity described in paragraphs (a)(1) or (2) of this section;

(4) Facilitates efforts by the Central Bank of Iran or any other Iranian financial institution to carry out an activity described in paragraphs (a)(1) or (a)(2) of this section;

(5) Facilitates a significant transaction or transactions or provides significant financial services for—

(i) Iran's Islamic Revolutionary Guard Corps or any of its agents or affiliates whose property and interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) ("IEEPA"); or

(ii) A person whose property and interests in property are blocked pursuant to parts 544 or 594 of this chapter in connection with Iran's proliferation of weapons of mass destruction or delivery systems for weapons of mass destruction or Iran's support for international terrorism; or

NOTE TO PARAGRAPH (a)(5) OF §561.201: The names of persons whose property and interests in property are blocked pursuant to IEEPA are published in the FEDERAL REGISTER and incorporated into the Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List (the "SDN List"). The SDN List is accessible through the following page on the Office of Foreign Assets Control's Web site: www.treasury.gov/sdn. Additional information pertaining to the SDN List can be found in appendix A to this chapter. Agents or affiliates of Iran's Islamic Revolutionary Guard Corps ("IRGC") whose property and interests in property are blocked pursuant to IEEPA are identified by a special reference to the "IRGC" at the end of their entries on the SDN List, in addition to the reference to the regulatory part of this chapter pursuant to which their property and interests in property are blocked. For example, an affiliate of the IRGC whose property and interests in property are blocked pursuant to the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 CFR part 544, will have the tags "[NPWMD][IRGC]" at the end of its entry on the SDN List. Persons whose property and interests in property are blocked pursuant to parts 544 or 594 of this chapter in connection with Iran's proliferation of weapons of mass destruction or delivery systems for weapons of mass destruction or Iran's support for international terrorism also are identified by the tag "[IFSR]" in addition to the tag referencing part 544 or part 594, as the case may be, located at the end of their entries on the SDN List (e.g., [NPWMD][IFSR] or [SDGT][IFSR]). In addition, see §561.405 concerning entities that may not be listed on the SDN List but whose property and interests in property are nevertheless blocked.

(6) Facilitates, or participates or assists in, an activity described in paragraphs (a)(1) through (a)(5) of this section, including by acting on behalf of, at the direction of, or as an intermediary for, or otherwise assisting, another person with respect to the activity.

(b) The Secretary of the Treasury may impose one or more strict conditions on the opening or maintaining by a U.S. financial institution of a correspondent account or a payable-through account in the United States for a foreign financial institution that the Secretary finds engages in one or more of the activities described in paragraph (a) of this section. Except as otherwise authorized pursuant to this part, a U.S. financial institution shall not open or maintain a correspondent account or payable-through account in the United States in a manner that is inconsistent with any strict condition imposed and in effect pursuant to this paragraph. Such conditions may include, but are not limited to, the following:

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

(2) 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;

(3) 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;

(4) Requiring pre-approval from the U.S. financial institution for all transactions processed through the correspondent account or payable-through account of the foreign financial institution; or

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

NOTE TO PARAGRAPH (b) OF §561.201: The name of the foreign financial institution, together with the actual strict condition or conditions to be imposed, will be added to the CAPTA List on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac), and published in the FEDERAL REGISTER.

(c) If the Secretary of the Treasury does not impose one or more strict conditions, pursuant to paragraph (b) of this section, on the opening or maintaining of a correspondent account or a payable-through account in the United States for a foreign financial institution that the Secretary finds engages in one or more of the activities described in paragraph (a) of this section, the Secretary, consistent with CISADA, will prohibit the opening or maintaining by a U.S. financial institution of a correspondent account or a payable-through account in the United States for that foreign financial institution. Except as otherwise authorized pursuant to this part, a U.S. financial institution shall not 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 paragraph.

NOTE TO PARAGRAPH (c) OF §561.201: The names of foreign financial institutions for which the opening or maintaining of a correspondent account or a payable-through account in the United States is prohibited will be listed on the CAPTA List on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac), and published in the FEDERAL REGISTER.

NOTE TO §561.201: The CAPTA List will specify whether U.S. financial institutions are required to:

- (1) Impose strict conditions on the opening or maintaining of a correspondent account or a payable-through account for a particular foreign financial institution pursuant to paragraph (b) of this section;
- (2) Prohibit the opening or maintaining of a correspondent account or a payable-through account for a particular foreign financial institution pursuant to paragraph (c) of this section;
- (3) Prohibit the opening or maintaining of a correspondent account or a payable-through account for a particular foreign financial institution pursuant to §561.203(a)(1) and (a)(2)(i); or
- (4) Prohibit the opening of a correspondent account or a payable-through account and impose strict conditions on maintaining a preexisting correspondent account or a payable-through account for a particular foreign financial institution pursuant to §561.203(a)(1) and (a)(2)(ii). Where applicable, the CAPTA List also will specify the strict condition or conditions to be imposed on the correspondent account or the payable-through account.

[77 FR 11726, Feb. 27, 2012, as amended at 77 FR 66919, Nov. 8, 2012; 84 FR 9457, Mar. 15, 2019]

[↑ Back to Top](#)

§561.202 Prohibitions on persons owned or controlled by U.S. financial institutions.

Except as otherwise authorized pursuant to this part, any person that is owned or controlled by a U.S. financial institution is prohibited from knowingly engaging in any transaction with or benefitting Iran's Islamic Revolutionary Guard Corps or any of its agents or affiliates whose property and interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) ("IEEPA").

NOTE 1 TO §561.202: The names of persons whose property and interests in property are blocked pursuant to IEEPA are published in the FEDERAL REGISTER and incorporated into the Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List (the "SDN List"). The SDN List is accessible through the following page on the Office of Foreign Assets Control's Web site: www.treasury.gov/sdn. Additional information pertaining to the SDN List can be found in appendix A to this chapter. Agents or affiliates of Iran's Islamic Revolutionary Guard Corps ("IRGC") whose property and interests in property are blocked pursuant to IEEPA are identified by a special reference to the "IRGC" at the end of their entries on the SDN List, in addition to the reference to the regulatory part of this chapter pursuant to which their property and interests in property are blocked. For example, an affiliate of the IRGC whose property and interests in property are blocked pursuant to the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 CFR part 544, will have the tag "[NPWMD] [IRGC]" at the end of its entry on the SDN List. In addition, see §561.405 concerning entities that may not be listed on the SDN List but whose property and interests in property are nevertheless blocked.

NOTE 2 TO §561.202: A U.S. financial institution is subject to the civil penalties provided for in section 206(b) of IEEPA if any person that it owns or controls violates the prohibition set forth in this section and the U.S. financial institution knew or should have known of such violation. See §561.701(a)(2).

[↑ Back to Top](#)

§561.203 NDAA-based sanctions on certain foreign financial institutions.

(a) *Imposition of sanctions.* Subject to the limitations, exceptions, and conditions set forth in paragraphs (d) through (k) of this section, upon a determination by the Secretary of the Treasury that a foreign financial institution has knowingly conducted or facilitated any significant financial transaction with the Central Bank of Iran or a designated Iranian financial institution, consistent with section 1245 of the National Defense Authorization Act for Fiscal Year 2012 (Pub. L. 112-81) (22 U.S.C. 8513a) (the "2012 NDAA"), as amended by the Iran Threat Reduction and Syria Human Rights Act of 2012 (Pub. L. 112-158) (22 U.S.C. 8701-8795) (the "TRA"), the Secretary of the Treasury:

(1) Will prohibit U.S. financial institutions from opening a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; and either

(2)(i) Will prohibit U.S. financial institutions from maintaining a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; or

(ii) Will impose one or more strict conditions on the maintaining of any correspondent account or payable-through account that had been opened in the United States for the foreign financial institution prior to the Secretary of the Treasury's determination with respect to the foreign financial institution.

NOTE 1 TO PARAGRAPH (a) OF §561.203: The names of *designated Iranian financial institutions* are identified on the Specially Designated Nationals and Blocked Persons List (the "SDN List") on the Office of Foreign Assets Control's Web site with the tag "[NDAA]" at the end of their entries, in addition to the reference to the regulatory part of this chapter pursuant to which their property and

interests in property are blocked. The SDN List is accessible through the following page on the Office of Foreign Assets Control's Web site: www.treasury.gov/sdn.

NOTE 2 TO PARAGRAPH (a) OF §561.203: The name of any foreign financial institution with respect to which a determination has been made pursuant to this paragraph (a), along with the relevant sanctions to be imposed (prohibition(s) and/or strict condition(s)), will be added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), which is maintained on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac), and published in the FEDERAL REGISTER.

(b) *Strict conditions.* The strict conditions that might be imposed on the maintaining of a pre-existing correspondent account or payable-through account for a foreign financial institution pursuant to paragraph (a)(2)(ii) of this section include, but are not limited to, the following:

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

(2) 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;

(3) 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;

(4) Requiring pre-approval from the U.S. financial institution for all transactions processed through the correspondent account or payable-through account of the foreign financial institution; or

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

(c) *Prohibitions.* (1) Except as otherwise authorized pursuant to this part, a U.S. financial institution shall not open a correspondent account or payable-through account in the United States for a foreign financial institution for which the opening of such an account is prohibited pursuant to paragraph (a)(1) of this section.

(2) Except as otherwise authorized pursuant to this part, a U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution for which the maintaining of such an account is prohibited pursuant to paragraph (a)(2)(i) of this section.

(3) Except as otherwise authorized pursuant to this part, a U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution in a manner that is inconsistent with any strict condition imposed and in effect pursuant to paragraph (a)(2)(ii) of this section.

(d) *Privately owned foreign financial institutions.* (1) Subject to the exceptions set forth in paragraphs (g) and (i) through (k) of this section, sanctions may be imposed pursuant to paragraph (a) of this section beginning on February 29, 2012, with respect to any significant financial transaction conducted or facilitated by a privately owned foreign financial institution that is not for the purchase of petroleum or petroleum products from Iran.

(2) Subject to the exceptions and conditions set forth in paragraphs (h) through (k) of this section, sanctions may be imposed pursuant to paragraph (a) of this section with respect to any significant financial transaction conducted or facilitated by a privately owned foreign financial institution on or after June 28, 2012, for the purchase of petroleum or petroleum products from Iran.

(e) *Government-owned or -controlled foreign financial institutions, excluding foreign central banks.* (1) Subject to the exceptions and conditions set forth in paragraphs (h) through (k) of this section, sanctions may be imposed pursuant to paragraph (a) of this section with respect to any significant financial transaction conducted or facilitated by a foreign financial institution owned or controlled by the government of a foreign country, excluding a central bank of a foreign country, on or after June 28, 2012, for the sale or purchase of petroleum or petroleum products to or from Iran.

(2) Subject to the exceptions and conditions set forth in paragraphs (g) and (i) through (k) of this section, sanctions may be imposed pursuant to paragraph (a) of this section with respect to any significant financial transaction conducted or facilitated by a foreign financial institution owned or controlled by the government of a foreign country, excluding a central bank of a foreign country, on or after February 6, 2013, that is not for the sale or purchase of petroleum or petroleum products to or from Iran.

(f) *Foreign central banks.* Subject to the exceptions and conditions set forth in paragraphs (h) through (k) of this section, sanctions may be imposed pursuant to paragraph (a) of this section on a central bank of a foreign country only insofar as it engages in a financial transaction for the sale or purchase of petroleum or petroleum products to or from Iran conducted or facilitated on or after June 28, 2012.

(g) Sanctions will not be imposed under paragraph (a) of this section with respect to any foreign financial institution for conducting or facilitating a transaction for the sale of agricultural commodities, food, medicine, or medical devices to Iran.

(h) The Secretary of the Treasury may impose sanctions pursuant to paragraph (a) of this section with respect to any significant financial transaction conducted or facilitated by a foreign financial institution on or after June 28, 2012, for the purchase of petroleum or petroleum products from Iran only if the President determines, not later than March 30, 2012, and every 180 days thereafter, that there is a sufficient supply of petroleum and petroleum products from countries other than Iran to permit a significant reduction in petroleum and petroleum products purchased from Iran by or through foreign financial institutions. Such successive sufficiency determinations by the President shall render subject to sanctions under paragraph (a) of this section those financial transactions conducted or facilitated by a foreign financial institution for the purchase of petroleum or petroleum products from Iran

during each successive 180-day period beginning 90 days after the President's determination.

NOTE TO PARAGRAPH (h) OF §561.203: Under Section 1245(d)(4)(B) of the 2012 NDAA, the President is to make a determination, not later than March 30, 2012, and every 180 days thereafter, of whether the price and supply of petroleum and petroleum products produced in countries other than Iran is sufficient to permit purchasers of petroleum and petroleum products from Iran to reduce significantly their purchases from Iran. This determination is to be based on reports on the availability and price of petroleum and petroleum products produced in countries other than Iran that, pursuant to section 1245(d)(4)(A) of the 2012 NDAA, the Administrator of the Energy Information Administration, in consultation with the Secretary of the Treasury, the Secretary of State, and the Director of National Intelligence, was to submit to Congress beginning not later than February 29, 2012, and every 60 days thereafter. Beginning September 1, 2012, pursuant to section 1245(d)(4)(A) of the 2012 NDAA, as amended by section 503(b) of the TRA, the report of the Administrator of the Energy Information Administration is to be submitted to Congress not later than October 25, 2012, and the last Thursday of every other month thereafter.

(i) Sanctions will not be imposed under paragraph (a) of this section with respect to a financial transaction described in paragraph (j) of this section that is conducted or facilitated by a foreign financial institution if, for the 180-day period during which the financial transaction is conducted or facilitated, the Secretary of State has determined and reported to Congress:

(1) That the country with primary jurisdiction over the foreign financial institution has significantly reduced its crude oil purchases from Iran, thus qualifying for a "significant reduction exception" for the 180-day period during which the financial transaction is conducted or facilitated; or

(2) That the country with primary jurisdiction over the foreign financial institution has received a significant reduction exception described in this paragraph in a previous period and, after receiving the exception, has reduced its crude oil purchases from Iran to zero during a subsequent 180-day reporting period.

NOTE TO PARAGRAPH (i) OF §561.203: The Secretary of State is to determine whether a country qualifies for the "significant reduction exception" and report such determination to Congress not later than 90 days after the date on which the President makes the initial determination referenced in paragraph (h) of this section, and every 180 days thereafter. Accordingly, a significant reduction exception covers a period of 180 days.

(j) A financial transaction conducted or facilitated by a foreign financial institution is described in this paragraph (j) if:

(1) The financial transaction is only for trade in goods or services that either originate in the country with primary jurisdiction over the foreign financial institution and are exported and sold directly to Iran or originate in Iran and are exported and sold directly to the country with primary jurisdiction over the foreign financial institution;

(2) Any funds owed to the country with primary jurisdiction over the foreign financial institution as a result of such trade are paid to:

(i) Individuals who are citizens, nationals, or permanent residents of the country with primary jurisdiction over the foreign financial institution; or

(ii) Entities organized under the laws of the country with primary jurisdiction over the foreign financial institution that are not the Government of Iran, as defined in §561.321;

(3) Any funds owed to Iran as a result of such trade are subject to the terms and conditions set forth in paragraph (k) of this section; and

(4) Funds owed as a result of such trade are not credited to an account held at any financial institution whose name appears on the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), which is maintained on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac).

(k) In order for a transaction to qualify for the significant reduction exception from the sanctions imposed under paragraph (a) of this section described in paragraph (i), all funds owed to Iran as a result of a trade transaction described in paragraph (j)(1) of this section must be subject to the following conditions and restrictions:

(1) The funds must be credited to an account held at a foreign financial institution that conducted or facilitated the trade transaction described in paragraph (j)(1) of this section;

(2) The funds must be credited to an account held in the country with primary jurisdiction over that foreign financial institution;

(3) The funds must be credited to an account held in the name of the Central Bank of Iran, the Iranian party to the trade transaction, or an Iranian financial institution that is not a designated Iranian financial institution;

(4) Payments from the funds may be made only in the manner and to the persons specified in paragraph (k)(5) of this section for amounts owed to such persons for the direct exportation and sale to Iran of goods or services originating in the country with primary jurisdiction over the foreign financial institution holding the funds (*but see* Note 2 to §561.203);

(5) Payments from the funds for the goods or services exported and sold to Iran, as described in paragraph (k)(4) of this section, may be made only by check payable to or to the order of, or by transfer to an account at a foreign financial institution in the country with primary jurisdiction over the foreign financial institution holding the funds that is held in the name of:

(i) Individuals who are citizens, nationals, or permanent residents of the country with primary jurisdiction over the foreign financial institution holding the funds; or

(ii) Entities that are organized under the laws of that country;

(6) The funds may not be withdrawn in cash, remitted to Iran or paid to anyone that is the *Government of Iran*, as defined in §561.321, or credited to an account held at a financial

institution whose name appears on the CAPTA List (see paragraph (j)(4) of this section); and

(7) Other than in payment for goods or services exported and sold to Iran as set forth in paragraphs (k)(4) through (k)(6) of this section, the funds may be transferred from the initial account described in paragraphs (k)(1) through (k)(3) of this section only to another account that is held at the same foreign financial institution, located in the country with primary jurisdiction over that foreign financial institution, and subject to the following conditions and restrictions:

(i) The account must be a separate, special purpose account holding only funds owed to Iran as a result of trade transactions that qualify for the significant reduction exception described in paragraph (i) of this section and that are conducted or facilitated by the foreign financial institution holding the account; and

(ii) The conditions and restrictions on the funds owed to Iran set forth in paragraphs (k) (1) through (k)(6) of this section apply in full to the account described in this paragraph, except that the account must be held only in the name of the Central Bank of Iran or an Iranian financial institution that is not a designated Iranian financial institution.

NOTE TO PARAGRAPHS (j) AND (k) OF §561.203: See §561.408 for a provision interpreting the phrases goods or services originating in the country with primary jurisdiction over the foreign financial institution and goods or services originating in Iran.

NOTE 1 TO §561.203: The sanctions regime described in §561.203 is separate from the sanctions regimes described in §§561.201 and 561.204 and applies in addition to, and independently of, the sanctions regimes imposed under §§561.201 and 561.204.

NOTE 2 TO §561.203: Paragraph (g) of this section excepts transactions for the sale of agricultural commodities, food, medicine, or medical devices to Iran from the imposition of sanctions under paragraph (a) of this section. Therefore, funds owed to Iran as a result of a trade transaction described in paragraph (j)(1) of this section may be used for the purchase and export to Iran of agricultural commodities, food, medicine, or medical devices regardless of the country from which such goods are purchased and regardless of where such goods originate, and payment from the funds for such goods may be made to exporters in countries other than the country with primary jurisdiction over the foreign financial institution holding the funds.

[77 FR 11726, Feb. 27, 2012, as amended at 78 FR 16405, Mar. 15, 2013; 84 FR 9457, Mar. 15, 2019]

[↑ Back to Top](#)

§561.204 Additional petroleum-related sanctions on certain foreign financial institutions.

(a) *Imposition of sanctions.* Subject to the limitations, exceptions, and conditions set forth in paragraphs (d) through (f) of this section, upon a determination by the Secretary of the Treasury that a foreign financial institution has knowingly engaged in one or more of the activities described in paragraph (b) of this section, the Secretary of the Treasury may:

(1) Prohibit U.S. financial institutions from opening a correspondent account or a payable-through account in the United States for the foreign financial institution with respect

payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; and either

(2)(i) Prohibit U.S. financial institutions from maintaining a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; or

(ii) Impose one or more strict conditions on the maintaining of any correspondent account or payable-through account that had been opened in the United States for the foreign financial institution prior to the Secretary of the Treasury's determination with respect to the foreign financial institution.

NOTE 1 TO PARAGRAPH (a) OF §561.204: The name of any foreign financial institution with respect to which a determination has been made pursuant to this paragraph (a), along with the relevant sanctions to be imposed (prohibition(s) and/or strict condition(s)), will be added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), which is maintained on the Office of Foreign Assets Control's Web site (www.treasury.gov/ofac), and published in the FEDERAL REGISTER.

NOTE 2 TO PARAGRAPH (a) OF §561.204: See §561.203(b) for examples of strict conditions that might be imposed, pursuant to paragraph (a)(2)(ii) of this section, on the maintaining of a pre-existing correspondent account or payable-through account for a foreign financial institution with respect to which the Secretary of the Treasury's determination has been made.

(b) *Sanctionable activity.* A foreign financial institution engages in an activity described in this paragraph if it knowingly conducts or facilitates any significant financial transaction:

(1) With the National Iranian Oil Company ("NIOC"), the Naftiran Intertrade Company ("NICO"), or any entity owned or controlled by, or operating for or on behalf of, NIOC or NICO, except for a sale or provision to any of the foregoing of the products described in section 5(a)(3)(A)(i) of the Iran Sanctions Act of 1996 (Pub. L. 104-172) (50 U.S.C. 1701 note), as amended, provided that the fair market value of such products is lower than the applicable dollar threshold specified in that provision;

NOTE TO PARAGRAPH (b)(1) OF §561.204: As of March 15, 2013, the products described in section 5(a)(3)(A)(i) of the Iran Sanctions Act of 1996 (Pub. L. 104-172) (50 U.S.C. 1701 note), as amended, are refined petroleum products, and for the fair market value of such products to be lower than the applicable dollar threshold specified in that provision the products sold or provided to NIOC, NICO, or any entity owned or controlled by, or operating for or on behalf of, NIOC or NICO, must have a fair market value of less than \$1,000,000, and, during a 12-month period, an aggregate fair market value of less than \$5,000,000.

(2) For the purchase or acquisition of petroleum or petroleum products from Iran; or

(3) For the purchase or acquisition of petrochemical products from Iran.

(c) *Prohibitions.* (1) A U.S. financial institution shall not open a correspondent account or payable-through account in the United States for a foreign financial institution for which the opening of such an account is prohibited pursuant to paragraph (a)(1) of this section.

(2) A U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution for which the

through account in the United States for a foreign financial institution for which the maintaining of such an account is prohibited pursuant to paragraph (a)(2)(i) of this section.

(3) A U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution in a manner that is inconsistent with any strict condition imposed and in effect pursuant to paragraph (a)(2)(ii) of this section.

(4) The prohibitions in paragraphs (c)(1) through (c)(3) of this section apply except to the extent transactions are authorized by regulations, orders, directives, or licenses that may be issued pursuant to this part, and notwithstanding any contracts entered into or any license or permit granted prior to the effective date of the prohibition.

(d) *Exempt activity.* Sanctions will not be imposed under paragraph (a) of this section with respect to any foreign financial institution for:

(1) Conducting or facilitating a transaction for the sale of agricultural commodities, food, medicine, or medical devices to Iran or when the underlying transaction has been authorized by the Office of Foreign Assets Control pursuant to any part of this chapter V; or

(2) Conducting or facilitating a transaction involving a natural gas development and pipeline project initiated prior to July 31, 2012, to bring gas from Azerbaijan to Europe and Turkey in furtherance of a production sharing agreement or license awarded by a sovereign government other than the Government of Iran before July 31, 2012.

NOTE TO PARAGRAPH (d)(2) OF §561.204: The natural gas development and pipeline project referred to in this paragraph is the project to develop the Shah Deniz natural gas field in Azerbaijan's sector of the Caspian Sea and related pipeline projects to bring the gas from Azerbaijan to Europe and Turkey.

(e) The Secretary of the Treasury may impose sanctions pursuant to paragraph (a) of this section with respect to any significant financial transaction described in paragraphs (b)(1) and (b)(2) of this section only if the President makes the successive determinations that there is a sufficient supply of petroleum and petroleum products from countries other than Iran described in paragraph (h) of §561.203.

(f) Sanctions will not be imposed under paragraph (a) of this section with respect to any significant financial transaction described in paragraphs (b)(1) and (b)(2) of this section that is conducted or facilitated by a foreign financial institution if:

(1) For the 180-day period during which the financial transaction is conducted or facilitated, the Secretary of State has determined and reported to Congress:

(i) That the country with primary jurisdiction over the foreign financial institution has significantly reduced its crude oil purchases from Iran, thus qualifying for the "significant reduction exception" for the 180-day period during which the financial transaction is conducted or facilitated; or

(ii) That the country with primary jurisdiction over the foreign financial institution has received a significant reduction exception described in this paragraph in a previous period.

and, after receiving the exception, has reduced its crude oil purchases from Iran to zero during a subsequent 180-day reporting period; and

(2) The transaction satisfies the conditions and restrictions set forth in paragraphs (j) and (k) of §561.203.

NOTE TO PARAGRAPH (f) OF §561.204: The Secretary of State is to determine whether a country qualifies for the “significant reduction exception” and report such determination to Congress not later than 90 days after the date on which the President makes the initial determination referenced in paragraph (h) of this section, and every 180 days thereafter. Accordingly, a significant reduction exception covers a period of 180 days.

NOTE TO §561.204: The sanctions regime described in this section is separate from the sanctions regimes described in §§561.201 and 561.203 and applies in addition to, and independently of, the sanctions regimes imposed under §§561.201 and 561.203.

[78 FR 16407, Mar. 15, 2013, as amended at 84 FR 9457, Mar. 15, 2019]

[↑ Back to Top](#)

§561.205 Metals-related sanctions on certain foreign financial institutions.

(a) *Imposition of sanctions.* Subject to the exemptions set forth in paragraph (d) of this section, upon a determination by the Secretary of the Treasury, in consultation with the Secretary of State, that a foreign financial institution has, on or after May 8, 2019, knowingly engaged in one or more of the activities described in paragraph (b) of this section, the Secretary of the Treasury may:

(1) Prohibit U.S. financial institutions from opening a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; and either

(2)(i) Prohibit U.S. financial institutions from maintaining a correspondent account or a payable-through account in the United States for the foreign financial institution with respect to which the determination has been made; or

(ii) Impose one or more strict conditions on the maintaining of a correspondent account or payable-through account in the United States for the foreign financial institution with respect to which the determination has been made.

NOTE 1 TO PARAGRAPH (a): The name of any foreign financial institution with respect to which a determination has been made pursuant to this paragraph (a), along with the relevant sanctions to be imposed (prohibition(s) and/or strict condition(s)), will be added to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), which is maintained on the Office of Foreign Assets Control's website (www.treasury.gov/ofac), and published in the FEDERAL REGISTER.

NOTE 2 TO PARAGRAPH (a): See §561.203(b) for examples of strict conditions that might be imposed, pursuant to paragraph (a)(2)(ii) of this section, on the maintaining of a correspondent account or payable-through account for a foreign financial institution with respect to which the Secretary of the Treasury's determination has been made.

(b) *Sanctionable activity.* A foreign financial institution has engaged in an activity described in this paragraph if it knowingly conducted or facilitated, on or after May 8, 2019, any significant financial transaction:

(1) For the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;

(2) For the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; or

(3) For or on behalf of any person whose property and interests in property are blocked pursuant to Executive Order 13871.

(c) *Prohibitions.* (1) A U.S. financial institution shall not open a correspondent account or payable-through account in the United States for a foreign financial institution for which the opening of such an account is prohibited pursuant to paragraph (a)(1) of this section.

(2) A U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution for which the maintaining of such an account is prohibited pursuant to paragraph (a)(2)(i) of this section.

(3) A U.S. financial institution shall not maintain a correspondent account or payable-through account in the United States for a foreign financial institution in a manner that is inconsistent with any strict condition imposed and in effect pursuant to paragraph (a)(2)(ii) of this section.

(4) The prohibitions in paragraphs (c)(1) through (c)(3) of this section apply except to the extent provided by regulations, orders, directives, or licenses that may be issued pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to the effective date.

(d) *Exempt activity.* Nothing in this section shall apply to transactions for the conduct of the official business of the Federal Government or the United Nations (including its specialized agencies, programmes, funds, and related organizations) by employees, grantees, or contractors thereof.

[84 FR 38547, Aug. 7, 2019]

[↑ Back to Top](#)

§561.220 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 any of the prohibitions set forth in this part is prohibited.

[78 FR 16408, Mar. 15, 2013. Redesignated at 84 FR 38547, Aug. 7, 2019]

[↑ Back to Top](#)

[Need assistance?](#)