



DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 510

Technical Amendments to North Korea Sanctions Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (OFAC) is amending the North Korea Sanctions Regulations to update references to descriptive text that appears in certain entries on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) and the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List).

DATES: *Effective:* [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: OFAC: Assistant Director for Licensing, tel.: 202-622-2480; Assistant Director for Regulatory Affairs, tel.: 202-622-4855; or Assistant Director for Sanctions Compliance & Evaluation, tel.: 202-622-2490.

SUPPLEMENTARY INFORMATION:

Electronic Availability

This document and additional information concerning OFAC are available from OFAC's website (www.treasury.gov/ofac).

Background

On March 5, 2018, OFAC amended and reissued in their entirety the North Korea Sanctions Regulations, 31 CFR part 510 (the "Regulations") (83 FR 9182, March 5, 2018). Since that time, for clarity, OFAC has made two technical changes to certain text that appears on OFAC's website and that is referenced in the Regulations. This rule conforms the corresponding references in the Regulations to accurately reflect the amended website text.

First, this rule updates references to descriptive text that appears in certain entries on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List). This descriptive text provides additional information concerning secondary sanctions related to Executive Order 13810 of September 20, 2017 ("Imposing Additional Sanctions With Respect to North Korea") (82 FR 44705, September 25, 2017) (E.O. 13810). Section 4 of E.O. 13810 authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to impose certain sanctions (often referred to as secondary sanctions) on any foreign financial institution determined by the Secretary of the Treasury, in consultation with the Secretary of State, to meet certain specified criteria. With respect to a foreign financial institution determined to meet any of the relevant criteria, the Secretary of the Treasury, in consultation with the Secretary of State, may:

- (i) prohibit the opening and prohibit or impose strict conditions on the maintenance of correspondent accounts or payable-through accounts in the United States with respect to such foreign financial institution; or
- (ii) block 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 such foreign financial institution. These prohibitions are implemented in §§ 510.210 and 510.201(a)(3)(vi) of the Regulations, respectively.

Sections 510.201(a)(3)(vi)(A)(I) and 510.210(b)(1) provide that the Secretary of the Treasury, in consultation with the Secretary of State, may impose such sanctions on any foreign financial institution determined by the Secretary of the Treasury, in consultation with the Secretary of State, to have, on or after September 21, 2017, knowingly conducted or facilitated any significant transaction on behalf of (1) any person whose property and interests in property are blocked pursuant to Executive Order 13551 (“Blocking Property of Certain Persons With Respect to North Korea”) (75 FR 53837, September 1, 2010) (E.O. 13551), Executive Order 13687 (“Imposing Additional Sanctions With Respect to North Korea”) (80 FR 819, January 6, 2015) (E.O. 13687), Executive Order 13722 (“Blocking Property of the Government of North Korea and the Workers’ Party of Korea, and Prohibiting Certain Transactions With Respect to North Korea”) (81 FR 14943, March 18, 2016) (E.O. 13722), or E.O. 13810, or (2) any person whose property and interests in property are blocked pursuant to Executive Order 13382 (“Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters”) (70 FR 38567, July 1, 2005) (E.O. 13382) in connection with North Korea-related activities. Note 3 to paragraph (a) of § 510.201 and Note 1 to paragraph (b) of § 510.210 explain that the names of persons listed in or designated or identified pursuant to E.O. 13382 in connection with North Korea-related activities are published in the *Federal Register* and incorporated into OFAC’s SDN List with the identifier “[NPWMD]” and descriptive text “Executive Order 13810 Information: Subject to blocking in connection with North Korea-related activities.”

Since the publication of the Regulations, however, OFAC has revised this descriptive text and included it in each SDN List entry that meets the criteria contained in

§§ 510.201(a)(3)(vi)(A)(I) and 510.210(b)(1) in order to more clearly alert foreign financial institutions to attendant secondary sanctions risks. The revised descriptive text is “Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210.” On October 4, 2018, by separate action, OFAC incorporated this new descriptive text in the relevant entries on the SDN List of 371 persons whose property and interests in property are blocked pursuant to E.O.s 13551, 13687, 13722, or 13810 and 91 persons whose property and interests in property are blocked pursuant to E.O. 13382.

This rule amends the Regulations to conform corresponding references in the two specified notes to the new descriptive text language. This rule also corrects an incorrect regulatory citation in Note 3 to paragraph (a) of § 510.201.

Second, this rule updates references to the name of one of OFAC’s sanctions lists. As noted above, § 510.210 of the Regulations provides for the imposition of strict conditions or prohibitions on the opening or maintaining of correspondent accounts or payable-through accounts in the United States for a foreign financial institution that the Secretary of the Treasury, in consultation with the Secretary of State, determines knowingly engaged in specified activities. When the Regulations were reissued on March 5, 2018, Note 2 to § 510.210 explained that 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 or for which the maintenance of a correspondent account or payable-through account is subject to one or more strict conditions will be, among other things, added to the “Correspondent Account or Payable-Through Account Sanctions (CAPTA) List” on OFAC’s website (www.treasury.gov/ofac). Section 510.519, which authorizes U.S. financial institutions to engage in certain limited transactions related to closing correspondent accounts for foreign financial institutions on the

CAPTA List, also contains a full reference to the “Correspondent Account or Payable-Through Account Sanctions (CAPTA) List.”

Since March 5, 2018, however, for additional consistency and clarity, OFAC has revised the name of the Correspondent Account or Payable-Through Account Sanctions (CAPTA) List as follows: “List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List).” This rule amends the Regulations to update the two specified references to the CAPTA List to correspond to the revised name.

Public Participation

Because the amendment of the Regulations involves a foreign affairs function, the provisions of Executive Order 12866 and the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, as well as the provisions of Executive Order 13771, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

Paperwork Reduction Act

The collections of information related to the Regulations are contained in 31 CFR part 501 (the “Reporting, Procedures and Penalties Regulations”). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget under control number 1505-0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

List of Subjects in 31 CFR Part 510

Administrative practice and procedure, Aircraft, Banking, Blocking of assets, CAPTA List, Diplomatic missions, Foreign financial institutions, Foreign trade, Imports, Medical services, Nongovernmental organizations, North Korea, Patents, Secondary sanctions, Services, Telecommunications, United Nations, Vessels, Workers' Party of Korea.

For the reasons set forth in the preamble, the Department of the Treasury's Office of Foreign Assets Control amends 31 CFR part 510 follows:

PART 510—NORTH KOREA SANCTIONS REGULATIONS

1. The authority citation for part 510 continues to read as follows:

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; 22 U.S.C. 287c; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110-96, 121 Stat. 1011 (50 U.S.C. 1705 note); Pub. L. 114-122, 130 Stat. 93 (22 U.S.C. 9201-9255); Pub. L. 115-44, 131 Stat 886 (22 U.S.C. 9201 note); E.O. 13466, 73 FR 36787, June 27, 2008, 3 CFR, 2008 Comp., p. 195; E.O. 13551, 75 FR 53837, September 1, 2010; E.O. 13570, 76 FR 22291, April 20, 2011; E.O. 13687, 80 FR 819, January 6, 2015; E.O. 13722, 81 FR 14943, March 18, 2016; E.O. 13810, 82 FR 44705, September 25, 2017.

Subpart B—Prohibitions

2. In § 510.201, revise Note 3 to paragraph (a) to read as follows:

§ 510.201 Prohibited transactions involving blocked property.

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Note 3 to paragraph (a): The names of persons listed in or designated or identified pursuant to Executive Order 13551, Executive Order 13687, Executive Order 13722, or Executive Order 13810 and whose property and interests in property are blocked pursuant to those orders and who are referenced in paragraph (a) of this section are published in the *Federal*

Register and incorporated into OFAC’s Specially Designated Nationals and Blocked Persons List (SDN List) with the identifier “DPRK.” Those persons are referenced in paragraph (a)(3)(vi)(A)(I) of this section, which related to secondary sanctions, and therefore their entries on the SDN List will also include the descriptive text “Secondary sanctions risk: North Korea Sanctions Regulations sections 510.201 and 510.210.” Paragraph (a)(3)(vi)(A)(I) of this section also references persons listed in or designated or identified pursuant to Executive Order 13382 whose property and interests in property are blocked pursuant to Executive Order 13382 in connection with North Korea-related activities. Accordingly, the names of such persons, which are published in the *Federal Register* and incorporated into OFAC’s SDN List with the identifier “[NPWMD],” also will include the descriptive text “Secondary sanctions risk: North Korea Sanctions Regulations sections 510.201 and 510.210.” The SDN List is accessible through the following page on OFAC's website: www.treasury.gov/sdn. Additional information pertaining to the SDN List can be found in appendix A to this chapter. See § 510.411 concerning entities that may not be listed on the SDN List but whose property and interests in property are nevertheless blocked pursuant to paragraph (a) of this section. The property and interests in property of persons who meet the definition of the term Government of North Korea, as defined in § 510.311, are blocked pursuant to paragraph (a) of this section regardless of whether the names of such persons are published in the *Federal Register* or incorporated into the SDN List.

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3. In § 510.210, revise Note 1 to paragraph (b) and Note 2 to § 510.210 to read as follows:

§ 510.210 Prohibitions or strict conditions with respect to correspondent or payable-through accounts or blocking of certain foreign financial institutions identified by the Secretary of the Treasury.

* * * * *

Note 1 to paragraph (b): The names of persons listed in or designated or identified pursuant to Executive Order 13551, Executive Order 13687, Executive Order 13722, or Executive Order 13810 and whose property and interests in property are blocked pursuant to those orders and paragraph (a) of this section are published in the *Federal Register* and incorporated into OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) with the identifier "DPRK." Those persons are referenced in paragraph (b)(1) of this section, which relates to secondary sanctions, and therefore their entries on the SDN List will include the descriptive text "Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210." Paragraph (b)(1) of this section also references persons listed in or designated or identified pursuant to Executive Order 13382 whose property and interests in property are blocked pursuant to Executive Order 13382 in connection with North Korea-related activities. Accordingly, the names of such persons, which are published in the *Federal Register* and incorporated into OFAC's SDN List with the identifier "[NPWMD]," also will include the descriptive text "Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210." The SDN List is accessible through the following page on OFAC's website: www.treasury.gov/sdn. Additional information pertaining to the SDN List can be found in appendix A to this chapter. See § 510.411 concerning entities that may not be listed on the SDN List but whose property and interests in property are nevertheless blocked pursuant to paragraph (a) of this section. The property and interests in property of persons who meet the definition of the term Government of North Korea, as defined in § 510.311, are blocked pursuant to paragraph (a) of this section regardless of whether the names of such persons are published in the *Federal Register* or incorporated into the SDN List.

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Note 2 to § 510.210: 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 or for which the maintenance of a correspondent account or payable-through account is 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.treasury.gov/ofac), and published in the *Federal Register* along with the applicable prohibition or strict condition(s).

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

§ 510.519 [Amended]

4. In § 510.519(a), remove “Correspondent Account or Payable-Through Account Sanctions (CAPTA) List” and add in its place “List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List)”.

Dated: June 21, 2019.

Andrea Gacki,
Director, Office of Foreign Assets Control.

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