

SUPPORTING STATEMENT
OMB Control No. 1505-0164
Reporting, Procedures and Penalties Regulations

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary.

This application is submitted for renewal and a request for a three-year approval of the information collection authority pertaining to the Office of Foreign Assets Control's (OFAC) Reporting, Procedures and Penalties Regulations (31 CFR part 501) (the Regulations), and certain other parts of 31 CFR chapter V.

The Regulations are implemented pursuant to the Trading With the Enemy Act (50 U.S.C. § 4301), the International Emergency Economic Powers Act (50 U.S.C. 1701–1706), the United Nations Participation Act of 1945 (22 U.S.C. 287c), and other laws. The collections of information relevant to this request are contained in §§ 501.601 through 501.605, 501.801, and 501.805 through 501.807, and certain other parts of 31 CFR chapter V, and pertain to the operation of various economic sanctions programs administered by OFAC under 31 CFR chapter V.

Background on Regulatory Provisions

Section 501.601 addresses the maintenance of records and § 501.602 relates to OFAC demands for information relating to any transaction or property subject to the provisions of 31 CFR chapter V. Section 501.603 imposes reporting requirements pertaining to blocked property and retained funds, as well as property that is released from blocked status (unblocked property). This information is required by OFAC to monitor compliance with regulatory requirements, to support diplomatic negotiations concerning the targets of sanctions, and to support settlement negotiations addressing U.S. claims. Section 501.604 requires the filing of reports for compliance purposes by U.S. persons where a transaction is not required to be blocked but where processing or otherwise engaging in the transaction would nonetheless violate, or facilitate a transaction that is prohibited under, other provisions in 31 CFR chapter V. Section 501.605 requires reporting of information pertaining to litigation, arbitration, and other binding alternative dispute resolution proceedings in the United States to prevent the intentional or inadvertent transfer through such proceedings of blocked property or retained funds. Sections 501.801 and 501.805 relate, respectively, to license requests and records requests. Section 501.806 sets forth the procedures to be followed by a person seeking to have funds unblocked at a financial institution if the person believes that the funds were blocked due to mistaken identity. Section 501.807 sets forth the procedures to be followed by a person seeking administrative reconsideration of a designation or that of a vessel as blocked, or who wishes to assert that the circumstances resulting in the designation or blocking no longer apply.

OFAC maintains mandatory and voluntary forms for the bulk of these collections and is

not making any changes to these forms. While OFAC requires the submission of the Annual Report of Blocked Property (ARBP) through approved form TD-F 90-22.50, OFAC also maintains voluntary forms for submission of certain other information required as a part of the information collections covered by this authority, including the following approved forms: Report on Blocked Property – Financial, TD-F 93.02; Report on Blocked Property – Tangible / Real / Other Non-Financial Property, TD-F 93.08; Report on Rejected Transaction, TD-F 93.07; TSRA License Application, TD-F 93.04; and Licensing Cover Sheet, TD-F 98-22.61. Any other information collections covered by this authority do not have mandatory or voluntary forms.

2. Purpose and Use of the Information Collected.

This information is required by OFAC to monitor compliance with regulatory requirements, to support diplomatic negotiations concerning the targets of sanctions, and to support settlement negotiations addressing U.S. claims. The reports and information collections covered by this authority will be reviewed by the U.S. Department of the Treasury (Treasury) and may be used for compliance, civil penalty, and enforcement purposes by the agency. The information is used primarily by Treasury and provided to other agencies under limited circumstances, such as when requested for pending litigation, investigative purposes, or foreign policy guidance. Additionally, the aggregated data collected is used to inform summary sanctions reports that are provided to Congress on a periodic basis.

3. Consideration Given to Information Technology.

Information collected related to blocked, rejected, and certain authorized transactions is increasingly collected by automated, electronic, and/or computerized means. While OFAC had offered electronic reporting options for submission of blocking and reject reports for many years, OFAC issued a more robust electronic filing system called the OFAC Reporting System (ORS) in early 2018, following a voluntary pilot program. ORS is an electronic means for OFAC to collect reports on blocked property and rejected transactions submitted pursuant to §§ 501.603 and 501.604. The system incorporates user management, audit, and reporting features to improve the quality of report data and facilitate regulatory compliance. The ORS was developed through feedback from private sector users to help streamline reporting to OFAC and to reduce the burden for both the private sector and the U.S. government. ORS is now available for all submitters of blocking and reject reports to OFAC. Many submitters may wish to take advantage of this streamlined system, as the system reduces the time it takes for many submitters to provide the required information to OFAC, and the system provides submitters with a confirmation that the report has been received and accepted by OFAC.

4. Duplication of Information.

Generally, the information that OFAC requires pertains to individual property and transactions and is not available to OFAC other than through a specific report. Each individual report of information provided is of a limited nature, separate, and unique. Thus, there is no duplication of records. Each item is based upon a new occurrence pertaining to a designated or otherwise blocked person or activities or transactions that are otherwise prohibited.

All U.S. persons are required to make individual reports on property that they have blocked or transactions they have rejected within 10 days from the blocking or rejection and are also required to report on an annual basis all blocked property under their control. The annual report of blocked property is not a duplicate of the information previously reported. Because various authorized or otherwise legal transactions can occur throughout the year affecting the amount of particular blocked assets, such as generally authorized debits for administrative fees, generally authorized crediting of interest earned, or judicial decrees transferring certain terrorism-related assets, only through the annual reporting requirement can OFAC be apprised of the actual status of all blocked property. Current information is required for the purpose of Treasury's congressionally mandated annual report on terrorist assets as well as for U.S. national security and foreign policy purposes concerning negotiations with impacted countries.

5. Reducing the Burden on Small Entities.

The information collections under this OMB control number may affect a limited number of small businesses or other small entities that hold blocked property, reject transactions, or engage in transactions prohibited, unless otherwise authorized, by the individual parts in 31 CFR chapter V. With regard to blocked property or rejected transactions, OFAC has published guidance on its website to help smaller entities with more constrained compliance resources to understand their obligations to block and reject certain transactions and to report these transactions to OFAC. In addition, OFAC has provided detailed forms (mandatory in the case of annual reports of blocked property and voluntary in the case of all other blocking and reject forms) to assist such persons with submitting these reports.

In the licensing area in particular, the application procedures are simple, and the average time required to complete a license application cover sheet is fifteen minutes. The recordkeeping requirement imposed by § 501.601 is minimal, because the records required to be maintained should already be maintained under standard business practices.

6. Consequences of Not Conducting Collection.

The information collected is used primarily by OFAC for licensing, compliance, civil penalty, and enforcement purposes. This information is used to authorize transactions consistent with policy, and to prevent the unauthorized transfer through U.S. financial institutions of property in support of targeted governments and persons. Without these collections of information, certain sanctions statutes and Presidential Executive orders, including provisions for authorizing certain otherwise prohibited transactions, cannot be fully implemented and enforced.

Generally, the information could not be collected less frequently. For example, the need for information required to request a specific license arises only at the time an applicant determines that it wants to engage in a transaction for which such a license is necessary. Persons availing themselves of certain general licenses may be required to file reports and statements in accordance with the instructions specified in those licenses. With regard to initial and annual reports of blocked property, unblocking reports, and reports of rejected transactions, if the information were not collected or were collected less frequently, OFAC would have very limited means of tracking the compliance of U.S. persons with U.S. economic sanctions or the amounts

of property currently blocked, some of which is required for OFAC to report to Congress each year.

7. Special Circumstances.

- *Requiring respondents to report information to the bureau more often than quarterly;*

Respondents are required to submit initial reports of blocked property (and, as specifically requested, unblocking reports), and reports on rejected transactions on a transaction-by-transaction basis, annual reports of blocked property on an annual basis, and reports of certain activities authorized by general license as specified in the relevant license. Prompt reporting of individual blockings, unblockings, rejected transactions, and certain authorized activities is necessary for OFAC to maintain effective compliance and enforcement.

- *Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;*

OFAC requires that reports on blocked property (and, as specifically requested, unblocking reports), and rejected transactions, be submitted within 10 days of the blocking, unblocking, or rejection, unless otherwise officially directed by OFAC. Some other reports are also required to be submitted in fewer than 30 days, such as reports that are immediately due when a litigation hearing is scheduled or within 30 or fewer days after the completion of an authorized transaction under a general license or the expiry of the general license. A 30-day requirement would be insufficient for the foreign policy purposes underlying the economic sanctions. In addition, because OFAC frequently receives requests to unblock property shortly after it has been blocked, it is essential for the blockings to be reported to OFAC as soon as possible. OFAC requests for information in the enforcement context may require a response in less than 30 days when the information requested is needed immediately for OFAC to adequately enforce U.S. economic sanctions.

- *Requiring respondents to submit more than an original and two copies of any document;*

No such requirement exists.

- *Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;*

The Regulations require respondents to retain records for five years from the date of a regulated transaction or from the date that blocked property is unblocked. Under § 501.601, the requirement for five years of record retention beyond a transaction corresponds to the statute of limitations set forth in 28 U.S.C. 2462.

- *In connection with a statistical survey, that is not designed to produce valid and*

reliable results that can be generalized to the universe of study;

The information collections are not part of a statistical survey.

- *Requiring the use of a statistical data classification that has not been reviewed and approved by OMB;*

Not applicable.

- *That includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use;*

OFAC will ensure that the information collected will only be released in accordance with the criteria for disclosure set forth in the Privacy Act, the Freedom of Information Act (FOIA), and, as applicable, the Trade Secrets Act. Information about OFAC's privacy practices has been issued under OFAC's Privacy Act system of records notice: Treasury/DO .120 – Records Related to Office of Foreign Assets Control Economic Sanctions (75 FR 61853).

- *Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.*

OFAC will ensure that this information will only be released in accordance with the criteria for disclosure set forth in the Privacy Act, FOIA, and, as applicable, the Trade Secrets Act. Information about OFAC's privacy practices has been issued under OFAC's Privacy Act system of records notice: Treasury/DO .120 – Records Related to Office of Foreign Assets Control Economic Sanctions (75 FR 61853).

8. Consultations with Persons Outside the Agency.

OFAC received and reviewed comments on the interim final rule issued on June 21, 2019 amending the Regulations to adjust certain reporting requirements (84 FR 29055 (June 21, 2019)), which was accompanied by a rule-related information collection renewal request for this authority. OFAC has also engaged the private sector — both the financial sector and many non-financial sectors — since the issuance of the interim final rule and continues to analyze the impact of that final rule.

In addition, OFAC has substantial regular contact with various individuals and entities seeking to comply with OFAC's regulations. Through these contacts, OFAC develops an appreciation of the impact of the information collections necessitated by economic sanctions. OFAC maintains strong relationships with the private sector and has daily engagement with numerous entities seeking to comply with OFAC's sanctions across all sectors, as well as individuals. OFAC maintains an email and telephone hotline for answering questions from the

private sector regarding the application of OFAC's economic sanctions and engages in substantial outreach at events held throughout the country and around the globe regarding OFAC's sanctions. Many decades of such daily contacts have streamlined procedures and assisted OFAC in obtaining a detailed understanding of the burdens its collections and procedures impose on persons seeking to comply with OFAC requirements.

On April 8, 2021, OFAC published a Notice relating to the collections covered by this authority in the *Federal Register* with a 60-day comment period for persons seeking to comment on OFAC's request for renewal of this information collection (*see* 86 FR 18372, April 8, 2021). OFAC did not receive any public comments in relation to the Notice.

9. Payment or Gift.

No payment or gift will be provided to respondents.

10. Confidentiality.

OFAC will ensure that the required information submitted in response to these collections will only be released in accordance with the criteria for disclosure set forth in the Privacy Act, FOIA, and, as applicable, the Trade Secrets Act. Information about OFAC's privacy practices has been issued under OFAC's Privacy Act system of records notice: Treasury/DO .120 – Records Related to Office of Foreign Assets Control Economic Sanctions (75 FR 61853).

11. Questions of a Sensitive Nature.

The collection makes no request for sensitive information of this type. In addition, a privacy impact assessment has been conducted for information collected under this request and a Privacy Act System of Records notice has been issued for this system under Treasury/DO .120 – Records Related to Office of Foreign Assets Control Economic Sanctions (75 FR 61853).

12. Burden of Information Collection.

A. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. If this request for approval covers more than one form, provide separate hour burden estimates for each form.

Summary

The likely respondents and recordkeepers affected by the information collections covered by this authority are financial institutions, business organizations, individuals, and legal representatives. OFAC's current assessment of burden, as described below, takes into account the number and type of reports received by OFAC over a recent 12-month period as well as OFAC's estimate of reporting trends over the next three years.

The estimated total annual reporting burden associated with the information collections covered by this authority is approximately 13,160 hours. The estimated annual frequency of responses is between 1 and 4,641, varying greatly by entity depending on the size, nature, and scope of business activities of each respondent, with the majority of filers providing a small number of responses and a small number of filers submitting a higher number of responses. The estimated total number of responses per year is approximately 30,051 responses. OFAC assesses that there is an average time estimate for reports associated with forms ranging from 15 minutes to 2 hours and for reports associated with general licenses and other miscellaneous reports ranging from 30 minutes to 5 hours, as noted below in the more detailed background section.

OFAC's estimate for the number of unique reporting respondents in a one-year period is approximately 5,600. The decrease in the estimated number of unique respondents since OFAC's last information collection submission under this authority in 2019 is due to OFAC's increased use of technology, which has enabled it to consolidate multiple filers within a single institution under one unique identification number assigned to the institution for all reports submitted to OFAC. Previously, OFAC did not have the ability to easily ascertain the number of unique respondents due to different identification numbers being selected for reports filed by different individuals within the same institution, or different branches or offices of the same institution. This inability to uniquely identify all reports associated with one institution led to counting numerous filers that were all associated with the same institution instead of counting the institutions themselves as unique respondents, resulting in an inflated number of respondents in past information collection submissions. OFAC is now adjusting its number of unique reporting respondents based on its more accurate data set.

The burden of the recordkeeping requirement imposed by the Regulations is minimal because the records required to be maintained should already be maintained under standard business practice.

CATEGORY	RESPONSES	ESTIMATED TIME (hours)
Reports associated with forms	29,598	12,691
Reports and other information collections not associated with forms	453	469
OVERALL TOTALS	30,051	13,160

More detailed background

OFAC has included below a more granular breakdown of the various types of reports and other information collections covered by this authority, as well as an estimated number of annual responses, the estimated time per report or information collection, and an estimated total annual burden for each report or information collection.

Reports and other information collections associated with mandatory or voluntary forms

REPORT OR INFORMATION COLLECTION	ASSOCIATED FORM NUMBER	ESTIMATED NUMBER OF ANNUAL RESPONSES	ESTIMATED TIME PER FORM (hours per form)	ESTIMATED TOTAL BURDEN (hours)
Annual Report of Blocked Property (ARBP)	TD-F 90-22.50	467	2.00	934
Report on Blocked Property – Financial	TD-F 93.02	7,969	0.50	3,985
Report on Blocked Property – Tangible / Real / Other Non-Financial Property	TD-F 93.08	110	0.50	55
Report on Rejected Transaction (when provided as individual reports and not a bulk submission)	TD-F 93.07	9,289	0.50	4,645
Report on Rejected Transaction (when provided as part of a bulk submission) ¹	TD-F 93.07	6,492	0.25	1,623
TSRA License Application	TD-F 93.04	175	1.00	175
Licensing Cover Sheet	TD-F 98-22.61	5,096	0.25	1,274
TOTAL		29,598		12,691

¹ OFAC received a number of bulk submissions of rejected transactions during the reporting period and estimates there will continue to be some of these types of submissions moving forward. Therefore, OFAC has added an additional line item to account for these bulk submissions. Usually, largely automated, bulk submissions take less time to process and submit (per rejected transaction) so there is a lower time and burden calculation for each one of these types of rejected transactions.

Reports and other information collections not associated with forms

While the information collections under this authority occur largely under required and voluntary forms, some reports and information collections under this authority are not associated with forms. For example, persons availing themselves of certain general licenses may be required to file reports and statements in accordance with the instructions specified in those licenses. These additional reports have minimal burden and fluctuate given the dynamic nature of OFAC's sanctions programs. Submissions are not required to be in any particular format. Most of these reports are required in connection with an authorized activity. Please see the chart below for a breakdown of the estimated responses and hour burdens.

REPORT OR INFORMATION COLLECTION	ESTIMATED NUMBER OF ANNUAL RESPONSES	ESTIMATED TIME (hours per submission)	ESTIMATED TOTAL BURDEN (hours)
Basic reports not associated with forms	305	1.0	305
Complex general license reports	20	5.0	100
Reports on unblocking property	68	0.5	34
Other reports	60	0.5	30
TOTAL	453		469

Previously, OFAC included in its burden calculations reports that are filed pursuant to specific licenses. However, after further consideration of these types of reports, which are sometimes required by certain specific licenses on a case-by-case basis, OFAC has determined that such reports were previously included erroneously as this was not required under the Paperwork Reduction Act.² As a result, these reports are no longer included in the above tables or in OFAC's burden estimates for this authority.

B. Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.

OFAC's methodology for calculating the annualized cost burden uses one of two wage rates published by the Bureau of Labor and Statistics: either \$16.56/hour, which, as of May 2021, is the median wage for Data Entry Keyers, or \$34.18/hour, which, as of May 2021, is the median wage for Compliance Officers. The wage used for calculating the cost burden varies depending on the type and complexity of the report, as noted in the chart below. OFAC estimates the total cost to be approximately \$262,808.

² These case-by-case reports do not constitute a collection of information under 5 CFR § 1320.3(h)(6).

REPORT OR INFORMATION COLLECTION	ASSOCIATED FORM NUMBER	ESTIMATED TIME (hours)	WAGE RATE (dollars/hour)	ESTIMATED COST
ARBP	TD-F 90-22.50	934	\$34.18	\$31,924
Report on Blocked Property – Financial	TD-F 93.02	3,985	\$16.56	\$65,992
Report on Blocked Property – Tangible / Real / Other Non-Financial Property	TD-F 93.08	55	\$16.56	\$911
Report on Rejected Transaction (when provided as individual reports and not a bulk submission)	TD-F 93.07	4,645	\$16.56	\$76,921
Report Submission on Rejected Transactions (when provided as part of a bulk submission)	TD-F 93.07	1,623	\$16.56	\$26,877
TSRA License Application	TD-F 93.04	175	\$34.18	\$5,982
Licensing Cover Sheet	TD-F 98-22.61	1,274	\$34.18	\$43,545
Basic reports not associated with forms	N/A	305	\$16.56	\$5,051
Complex general license reports	N/A	100	\$34.18	\$3,418
Reports on unblocking property	N/A	34	\$34.18	\$1,162
Other reports	N/A	30	\$34.18	\$1,025
TOTAL		13,160		\$262,8080

13. Annual Cost to Respondents.

For some entities, there may be capital, operating, and maintenance costs associated with products, such as interdiction software, used to maintain compliance with U.S. sanctions laws and other laws. Nevertheless, any capital or operating costs associated with the actual collection of information or recordkeeping requirements under this collection authority are assumed to be minimal, as such products are not required for compliance with OFAC's information collection or recordkeeping requirements. While these products may have some incidental benefits in aiding in the submission of required reports under this authority, OFAC assesses that the products are designed and used more broadly for compliance with numerous regulatory regimes, including laws and regulations relating to anti-money laundering, countering the financing of terrorism, and export and import controls, as well as the laws and regulations OFAC administers, and also for the identification of other business risks. OFAC assesses that the products are not

specifically for complying with information collection or recordkeeping requirements administered by OFAC, and no such software or technology is required when submitting these required reports to OFAC. In addition, while a minority of those that are subject to OFAC's jurisdiction utilize these products for broad compliance purposes (typically the largest and most sophisticated companies), most persons subject to OFAC's jurisdiction do not utilize any such products. Overall, in light of the above factors, OFAC assesses that any capital, operating, or maintenance costs exclusively associated with the reporting and recordkeeping requirements under this authority are negligible.

14. Cost to the Federal Government.

The total estimated annual cost to the U.S. Government attributable to this information collection is \$377,859. This amount represents salary and benefit costs for three full time employees across OFAC's divisions at varying levels of seniority (ranging from General Schedule (GS)-7 to GS-14 with additional Washington, D.C. locality pay included) who accept and process the required information received pursuant to this collection. Specifically, OFAC added the salaries and benefits of one GS-7 employee (\$80,125), one GS-9 employee (\$98,010), and one GS-14 employee (\$199,724) for a total of \$377,859.

15. Reason for Change.

OFAC is seeking OMB renewal authorization for all the collections of information and recordkeeping requirements associated with the Regulations and certain other parts of 31 CFR chapter V as described herein.

The estimated 30,051 responses cited in Item 12 represents a slight decrease of 1,550 responses from the previously approved collection for this authority (see reference tables below).

Numerous factors are relevant with respect to calculating the estimated burden associated with the information collection and recordkeeping requirements associated with this collection. In future years, OFAC expects that new sanctions programs may be created, or additional prohibitions imposed under existing programs, and other programs or prohibitions may be terminated, which may slightly increase or decrease the burden associated with this collection authority. The creation of new programs or prohibitions, or the elimination of programs or prohibitions, are difficult to estimate as these changes are often responding to specific and unforeseeable foreign policy developments and considerations. However, these changes may have an impact on the time and cost estimates under this collection authority. Since OFAC's last renewal request for this authority, OFAC has added a number of new programs and prohibitions and has terminated a number of programs as well. OFAC utilizes historical burden data in forecasting future burden hours. Therefore, OFAC estimates these program changes will have little to no impact on OFAC's overall burden estimates in the next three years.

At the same time, OFAC has been working to streamline the reporting process, and to update its technologies to assist submitters in the reporting process with a view toward reduction of the overall burden on submitters of required reports. For example, OFAC's ORS electronic reporting system continues to reduce the burden of submitting certain required reports for many submitters, including many large, higher-volume filers. OFAC expects this burden reduction trend to continue as more submitters utilize the ORS for reporting and reporting of additional forms and information is available via ORS.

In addition, OFAC continues to finetune its methodology for calculating burden in an aim to be more precise and accurate in its burden estimates and calculations. As a result, OFAC anticipates that in many cases, such as with this renewal request, the overall burden may shift downward as reporting becomes easier and less burdensome for filers, and as OFAC's methodology more accurately accounts for estimated burden. The decreases in burden resulting from this streamlining and more accurate methodology counteracted any program changes that may have resulted in an uptick of various reports covered by this collection, such as reports of blocked property, to result in an overall decreased burden estimate.

This submission is being made for renewal purposes.

	PREVIOUSLY APPROVED	PROGRAM CHANGE DUE TO AGENCY DISCRETION	CHANGE DUE TO ADJUSTMENT IN AGENCY ESTIMATE	REQUESTED
Annual Number of Responses	31,601	0	-1,550	30,051
Annual Time Burden (Hr)	14,850	0	-1,690	13,160
Annualized	\$294,630	0	-\$31,822	\$262,808

Cost to Respondents (\$)				
--------------------------	--	--	--	--

16. Tabulation of Results, Schedule, Analysis Plans.

Results will not be published.

17. Display of OMB Expiration Date.

Treasury is not requesting a waiver of the requirement to display the expiration date for this OMB Control Number.

18. Exceptions to Certification for Paperwork Reduction Act Submission.

There are no exceptions to the certification statement.