

**SUPPORTING STATEMENT
OMB 1505-0243**

**Iranian Financial Sanctions Regulations Report on Closure
by U.S. Financial Institutions of Correspondent Accounts and Payable-Through Accounts**

This filing contains the information required by the Office of Management and Budget pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. 3501–3521, and 5 CFR part 1320.

A. Justification.

1. Circumstances Making the Collection Necessary.

This application is submitted to extend the information collection authority pertaining to the Iranian Financial Sanctions Regulations set forth in 31 CFR part 561 (the “Regulations”). The Regulations implement, *inter alia*, Section 104 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA) (22 U.S.C. 8513), Section 1245(d) of the National Defense Authorization Act for Fiscal Year 2012 (NDAA) (22 U.S.C. 8513a(d)), Executive Order (E.O.) 13846 of August 6, 2018, “Reimposing Certain Sanctions With Respect to Iran,” and E.O. 13871 of May 8, 2019, “Imposing Sanctions With Respect to the Iron, Steel, Aluminum and Copper Sectors of Iran.”

Pursuant to the Regulations, the Secretary of the Treasury may prohibit or impose strict conditions on the opening and/or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution (FFI)¹ determined to have knowingly engaged in or facilitated certain sanctionable conduct. The Department of the Treasury’s Office of Foreign Assets Control (OFAC) will add the names of any FFIs subject to these sanctions, together with the applicable prohibitions and/or conditions, to the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (the “CAPTA List”).

Section 561.504(b) of the Regulations requires a U.S. financial institution, upon closure of a correspondent account or a payable-through account for an FFI whose name is added to the CAPTA List, to file a report with OFAC that provides complete information on the closing of the account, and on all transactions processed or executed through the account pursuant to § 561.504, including the account outside of the United States to which funds remaining in the account were transferred. This report must be filed with OFAC within 30 days of closure of the account.

¹The term *foreign financial institution (FFI)* means any foreign entity that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes but is not limited to depository institutions, banks, savings banks, money service businesses, trust companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, dealers in precious metals, stones, or jewels, and holding companies, affiliates, or subsidiaries of any of the foregoing. The term does not include the international financial institutions identified in 22 U.S.C. 262r(c)(2), the International Fund for Agricultural Development, the North American Development Bank, or any other international financial institution so notified by OFAC. 31 CFR 561.308.

2. Purpose and Use of the Information Collected.

OFAC uses the information in the reports to assist in verifying that U.S. financial institutions are complying with prohibitions on maintaining correspondent accounts or payable-through accounts for FFIs subject to such prohibitions pursuant to the Regulations. The reports will be reviewed by OFAC and may be used for compliance and enforcement purposes by the agency.

3. Consideration Given to Information Technology.

The reports are likely to be submitted by U.S. financial institutions via a hard copy by mail to OFAC as indicated by the Regulations, although OFAC is receptive to receiving such reports by email or other automated, electronic, or computerized means.

4. Duplication of Information.

The information collection is not duplicative of information otherwise available to OFAC. The information that OFAC requires pertains to accounts at U.S. financial institutions and is not available other than through a specific report. Each individual report is based upon a new, one-time action to close one or more correspondent accounts or payable-through accounts for FFIs named on the CAPTA List for which the maintaining of such an account has been prohibited pursuant to the Regulations. Thus, there is no duplication of records.

5. Reducing the Burden on Small Entities.

There is no undue burden on small business. OFAC does not anticipate that any U.S. financial institution required to report under the Regulations would be considered a small business or other small entity, as correspondent or payable-through accounts tend to be maintained by larger financial institutions. However, should a small business or other small entity be required to report, the requirement is not expected to be onerous.

6. Consequences of Not Conducting Collection.

If the collection is not conducted and the reports not filed, there possibly could be undetected circumvention of sanctions that have been imposed against FFIs pursuant to the Regulations.

Generally, the information could not be collected less frequently unless it was not collected at all. The reports are submitted only when a U.S. financial institution closes one or more correspondent accounts or payable-through accounts for FFIs named on the CAPTA List for which the maintaining of such an account has been prohibited pursuant to the Regulations. To collect the information less frequently would result in incomplete records of closed correspondent and payable-through accounts, preventing OFAC from tracking and ensuring compliance with the Regulations and potentially lowering the chances of pursuing appropriate potential enforcement actions.

7. Special Circumstances.

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

The Regulations require that 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 an FFI for which the maintaining of such an account has been prohibited pursuant to the Regulations and which has been named on the CAPTA List, maintained on OFAC's website (www.treas.gov/ofac).

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

Applicants are advised to retain a copy of their report to OFAC. The Reporting, Procedures and Penalties Regulations, 31 CFR part 501, require the retention of records for five years from the date of a covered 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.

- *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 this information will only be released in accordance with the criteria for disclosure set forth in the Privacy Act, the Freedom of Information Act (FOIA), the Treasury FOIA Implementing Instructions found at 31 CFR § 1.5, and as applicable, the Trade Secrets Act. Information about OFAC's privacy practices has been published under OFAC's Privacy Act system of records notice (SORN): Treasury/DO .120 – Records Related to Office of Foreign Assets Control Economic Sanctions, [81 FR 78298](https://www.federalregister.gov/documents/2016/11/07/81-fr-78298) (Nov. 7, 2016).

- *Requiring respondents to submit proprietary trade secret, or other confidential information unless the bureau 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, the Freedom of Information Act, the Treasury FOIA Implementing Instructions found at 31 CFR § 1.5, and as applicable, the Trade Secrets Act. Information about OFAC's privacy practices has been published under OFAC's Privacy Act SORN: Treasury/DO .120 – Records Related to Office of Foreign Assets Control Economic Sanctions, [81 FR 78298](https://www.federalregister.gov/documents/2016/11/07/81-fr-78298), (Nov. 7, 2016).

There are no other special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR § 1320.6.

8. Consultation with Persons Outside the Agency.

A *Federal Register* notice soliciting comments on the existing requirements was published on June 15, 2022 (87 FR 36206). OFAC received no public comments through the

closure of the notice comment period ending on August 15, 2022.

9. Payment or Gift.

No payment or gift will be provided for completing or retaining the reports.

10. Confidentiality.

OFAC will ensure that this information will only be released in accordance with the criteria for disclosure set forth in the Privacy Act, the Freedom of Information Act, the Treasury FOIA Implementing Instructions found at 31 CFR § 1.5, and as applicable, the Trade Secrets Act. Information about OFAC's privacy practices has been issued under OFAC's Privacy Act SORN: Treasury/DO .120 – Records Related to Office of Foreign Assets Control Economic Sanctions, [81 FR 78298](#) (Nov. 7, 2016).

11. Questions of a Sensitive Nature.

The information collection makes no request for sensitive information of this type. In addition, a privacy and civil liberties impact assessment (PCLIA) has been conducted for information collected under this request and a Privacy Act SORN has been issued for this system under DO .120 – Records Related to Office of Foreign Assets Control Economic Sanctions, [81 FR 78298](#) (Nov. 7, 2016).

12. Burden of Information Collection.

The anticipated impact of this extension of information collection is minimal. The likely respondents and recordkeepers affected by this collection of information in § 561.504(b) of the Regulations are U.S. financial institutions operating correspondent accounts or payable-through accounts for FFIs.

Currently, three FFIs are included on the CAPTA List. No FFI was added to the CAPTA List during the current reporting period, and the number of respondents to this collection during the reporting period has been zero.

OFAC estimates that the completion of the report takes approximately 2 hours on average. Cost can vary widely from applicant to applicant. OFAC has refined its methodology for calculating the cost burden by using the median wage rate published by the Bureau of Labor and Statistics for compliance officers which, as of August 1, 2022, is \$34.45/hour (<https://www.bls.gov/oes/current/oes131041.htm>). To account for the possibility that a respondent could provide 1 report over the next three years, an estimate of 1 report is being included for a total estimated burden of 2 hours and total estimated cost of \$68.90.

13. Annual Cost to Respondents.

There are no capital/start-up or ongoing operation/maintenance costs associated with this collection.

14. Cost to the Federal Government.

There is no current cost to the U.S. Government because OFAC is not receiving any reports pursuant to Section 561.504(b) of the Regulations. Even though OFAC estimates there is the possibility of receiving and processing approximately 1 report in the next three years, the cost for processing one such report is minimal to none.

15. Reason for Change.

There is no anticipated change. While no responses are expected, to account for the possibility that a respondent could provide a report over the next three years, an estimate of 1 report is being included for a total estimated burden of 2 hours.

16. Tabulation of Results, Schedule, and Analysis Plans.

There are no such data or figures given the limited nature of this collection. Results will not be published.

17. Display of OMB Approval Date.

OFAC intends to display the expiration date.

18. Exceptions to Certification for Paperwork Reduction Act Submission.

There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods.

Not applicable.