CAATSA SANCTIONS

A Plain-Language Introduction

Countering America's Adversaries Through Sanctions Act (P.L. 115-44)

Iran · Russia · North Korea

What each provision actually prohibits, restricts, and allows — explained for professionals who are new to U.S. sanctions. No prior sanctions knowledge required. Not legal advice. Verify at ofac.treasury.gov. May 2026.

1. What Is CAATSA?

CAATSA — the Countering America's Adversaries Through Sanctions Act — is a U.S. federal law signed on August 2, 2017 (Public Law 115-44). It passed with near-unanimous bipartisan support: 98–2 in the Senate, 419–3 in the House. Congress was motivated by Russia's interference in the 2016 U.S. election, its military involvement in Ukraine and Syria, North Korea's weapons programs, and Iran's support for terrorism and destabilizing regional activities.

The law creates, expands, or tightens U.S. economic sanctions in three separate chapters — called titles — each targeting a different country. The most important practical point about CAATSA's structure is that the U.S. government has explicitly warned that similar words in different titles may carry different legal meanings, because each title was designed to address different policy problems. Always check program-specific guidance rather than reasoning by analogy across titles.

The Three Titles at a Glance

Title	Country	What It Does in Plain Terms
Title I	Iran	Requires terrorism sanctions to be placed on Iran's Revolutionary Guard Corps (IRGC) and on any foreign person identified as an IRGC official, agent, or affiliate
Title II	Russia	Locks existing Russia sanctions into law; tightens financial restrictions on Russian banks and energy companies; creates new penalties that can reach non-U.S. companies for doing business with Russia's defense or intelligence sector
Title III	North Korea	Expands North Korea sanctions to cover more goods (precious metals, coal, seafood), more services (aviation, ship insurance), and more foreign companies that help North Korea access the global financial system

Who Enforces CAATSA?

- The Treasury Department's Office of Foreign Assets Control (OFAC) maintains the lists of sanctioned parties, issues licenses (formal permissions to do something otherwise prohibited), writes the regulations, and brings enforcement actions against violators.
- The State Department makes the key determinations for the most far-reaching provisions — specifically, whether a non-U.S. company has done significant enough business with Russia's defense or intelligence sector to warrant sanctions under Section 231.

2. Essential Concepts Before You Read Further

Before getting into what CAATSA prohibits, here are the key building blocks of U.S. sanctions that you need to understand everything else in this guide.

Blocking / Asset freeze

When a person or company is 'blocked,' all their property and financial assets that touch the U.S. financial system are frozen — they cannot be moved, spent, or transferred. U.S. persons and companies are also prohibited from doing almost any business with them.

SDN List (Specially Designated Nationals and Blocked Persons List)

OFAC's primary list of sanctioned parties. Being on this list means full asset blocking applies. U.S. persons and companies generally cannot do any business with SDN-listed parties. Entries tagged [CAATSA - RUSSIA] are sanctions imposed under CAATSA's Russia provisions.

SSI List (Sectoral Sanctions Identifications List)

A separate list for entities in specific sectors of the Russian economy — mainly banking, energy, and defense. Being on this list does NOT mean full blocking. Instead, only certain narrow types of transactions are restricted (explained in detail in Section 5 of this guide).

NS-MBS List (Non-SDN Menu-Based Sanctions List)

A newer list (created December 2020) for entities subject to targeted, non-blocking penalties under CAATSA — such as being cut off from U.S. bank loans or U.S. export licenses. Assets are NOT frozen. Each entry specifies exactly which restrictions apply to that particular entity.

The 50% Rule

If a company is on the SDN List (full blocking), then any company it owns 50% or more — even if that subsidiary is not itself on any list — is treated as equally blocked. This rule applies automatically. IMPORTANT: The 50% Rule does NOT apply to the NS-MBS List. A subsidiary of an NS-MBS-listed company is NOT automatically restricted unless OFAC separately lists it.

Secondary sanctions

Penalties that the U.S. can impose on non-U.S. companies and individuals for conduct that occurs entirely outside the United States — for example, a Turkish company buying Russian military equipment. Secondary sanctions are the most far-reaching aspect of CAATSA.

General license

A blanket permission that OFAC publishes in its regulations or as a standalone document, allowing everyone who meets the stated conditions to engage in a specific otherwise-prohibited transaction — without needing to apply individually. Think of it as a published exception with conditions attached. Russia general licenses are published in 31 CFR Part 589.

Specific license

An individual permission that OFAC grants to a specific person or company for a specific transaction. You have to apply for it. OFAC decides on a case-by-case basis.

IEEPA exemptions

The International Emergency Economic Powers Act (the main law OFAC operates under) includes built-in exceptions for ordinary personal communications, humanitarian donations, and informational materials.

Most OFAC programs honor these exceptions. As explained in Section 3, they do NOT apply to transactions involving the IRGC under CAATSA.

3. Title I — Iran: The IRGC Sanctions

Iran had extensive U.S. sanctions before CAATSA. Title I's job was narrower and more surgical: it required — not merely permitted — the U.S. government to impose a specific, more severe type of sanction on one particular Iranian organization and anyone identified as its official, agent, or affiliate.

3.1 Who Is the IRGC and Why Does It Matter?

The Islamic Revolutionary Guard Corps (IRGC) is a branch of Iran's military that controls significant portions of Iran's economy and has been linked to terrorism, weapons proliferation, and human rights abuses. Before CAATSA, the IRGC was already subject to several layers of U.S. sanctions — but under laws focused on weapons and human rights rather than terrorism specifically.

3.2 What CAATSA Section 105 Required

Section 105 made it mandatory for OFAC to place the IRGC — and any foreign person OFAC identifies as an IRGC official, agent, or affiliate — on the SDN List under a terrorism-related executive order (E.O. 13224). OFAC followed through:

- **October 13, 2017:** OFAC designated the entire IRGC as a terrorist organization under E.O. 13224, based on its support for the IRGC-Qods Force (which was previously linked to multiple terrorist groups).
- **October 31, 2017:** OFAC amended its Global Terrorism Sanctions Regulations (31 CFR Part 594) to make blocking automatic for any foreign person OFAC identifies as an IRGC official, agent, or affiliate — not just those individually named.

3.3 Why This Is More Restrictive Than Other Iran Sanctions

This is the most practically important point about Title I. Even though the IRGC was already sanctioned under other laws, the terrorism designation under CAATSA removes a set of exceptions that normally apply in U.S. sanctions programs:

CRITICAL — Exceptions That Do NOT Apply Here
The following normal exceptions to U.S. sanctions DO NOT apply to the IRGC or any foreign person identified as an IRGC official, agent, or affiliate:
• Personal communications (e.g., phone calls, emails)
• Humanitarian donations
• Information or informational materials (e.g., books, films, news)
• Travel-related transactions
These exceptions exist in almost every other OFAC sanctions program. They are completely unavailable here. (OFAC FAQ #533, #534)
What this means in practice: an activity that would be fine under other Iran sanctions programs — like a journalist sending an email to an Iranian contact who happens to be an IRGC affiliate, or a humanitarian organization making a donation that passes through IRGC-controlled channels — may be prohibited under the terrorism sanctions framework that CAATSA created.

3.4 Who Else Is Covered?

- The IRGC as a whole organization and all its components.
- Any foreign person OFAC identifies as an IRGC official, agent, or affiliate — blocking takes effect when OFAC makes that identification, not just when someone is individually named on a list.
- Any company 50% or more owned by a blocked IRGC-related person (via the 50% Rule).

Other Title I provisions (Sections 106–108) cover arms embargo violations, human rights, and ballistic missiles. These are mainly administered by the State Department. This guide focuses on what OFAC implements under Section 105.

KEY COMPLIANCE TAKEAWAY

Even though the IRGC was already sanctioned, CAATSA's terrorism designation removes safe harbors that exist in virtually every other OFAC program. Before any transaction involving an Iranian party who might be an IRGC affiliate, verify that the standard IEEPA exemptions you would normally rely on are actually available.

4. Title II — Russia: Locking In Sanctions and Tightening Rules

Title II works in three distinct ways: (1) it converted existing Russia sanctions from presidential orders into law; (2) it tightened specific financial restrictions on Russian banks and energy companies; and (3) it created powerful new penalties that can reach non-U.S. companies. This section covers the first two; Section 5 covers the new penalties.

4.1 Locking Existing Sanctions Into Law (Section 222)

Before CAATSA, many Russia sanctions were imposed by executive orders — which a future president could theoretically cancel with a stroke of the pen. Section 222 changed that by converting four key executive orders into statutory law: E.O. 13660, E.O. 13661, E.O. 13662, and E.O. 13685. Now, if a president wants to significantly reduce or eliminate those sanctions, Congress must be notified and given an opportunity to block the action. The practical effect is that the core Russia sanctions are much harder to unilaterally remove.

4.2 Tightening Loan Restrictions on Russian Banks (Directive 1)

Some major Russian banks have been on a restricted list (the SSI List) since 2014. Being on that list doesn't mean they're completely cut off — it means U.S. companies can only lend them money on very short terms. CAATSA made those terms even shorter via the amended Directive 1:

Directive 1 Rule
For Russian banks on the Directive 1 SSI List: U.S. persons and companies may not provide new loans or credit with a repayment term of MORE THAN 14 DAYS. (Before CAATSA, the limit was 30 days.) New equity investments are also prohibited.
This also extends to companies 50% or more owned by a Directive 1-listed bank, even if that subsidiary isn't itself on the SSI List.
What counts as a 'loan': this covers not just traditional bank loans but also trade finance instruments, letters of credit, and similar credit arrangements. Pre-existing loans are not affected — only new ones.

4.3 Tightening Loan Restrictions on Russian Energy Companies (Directive 2)

Similarly, certain major Russian energy companies have been on the SSI List since 2014. CAATSA tightened the loan terms via the amended Directive 2:

Directive 2 Rule

For Russian energy companies on the Directive 2 SSI List: U.S. persons and companies may not provide new loans or credit with a repayment term of MORE THAN 60 DAYS. (Before CAATSA, the limit was 90 days.) New equity investments are also prohibited.

4.4 New Restrictions on Russian Oil Projects Worldwide (Directive 4)

This is where CAATSA significantly expanded the reach of existing sanctions. Before CAATSA, Directive 4 restricted U.S. companies from helping Russian energy companies with certain types of difficult oil projects inside Russia. CAATSA extended this globally for new projects:

What Is Directive 4 About?

It prohibits U.S. persons and companies from providing goods, services, or technology to support oil exploration or production in three specific types of challenging environments: deepwater (deep-sea drilling), Arctic offshore, and shale (fracking-type) projects.

Two Separate Rules Under Directive 4

- Rule 1 — Russia-located projects (applies to older projects too): No U.S. goods, services, or technology for any deepwater, Arctic offshore, or shale oil project located in Russia or in maritime areas Russia claims, if a Directive 4-listed Russian energy company has any involvement in that project.
- Rule 2 — New projects anywhere in the world (from January 29, 2018 onward): No U.S. goods, services, or technology for any new deepwater, Arctic offshore, or shale oil project — anywhere in the world, not just Russia — if a Directive 4-listed Russian energy company has a 33% or greater ownership stake, or holds a majority of voting rights, in that project.

Important Limits and Exceptions to Directive 4

- **Financial services are NOT covered.** If your company provides banking, insurance, or other financial services (rather than physical goods or technical services) to one of these projects, Directive 4 does not apply to you. The prohibition is specifically for goods, non-financial services, and technology.
- **Gas-only projects are NOT covered.** If the project can only produce gas (not oil), Directive 4 does not apply — even if it's deepwater or Arctic. The restriction is specifically about oil.
- **Services that are covered include:** drilling services, geophysical and geological surveys, logistics and supply chain support, management services, technical modeling, and mapping technologies.

Why does this matter globally?

A non-Russian energy project — say, a deepwater oil field in Brazil or the Gulf of Mexico — could fall under Directive 4 if a Russian company on the SSI List has a 33%+ stake in it. U.S. service providers need to check not just whether a project is in Russia, but whether a sanctioned Russian entity is a significant owner.

KEY COMPLIANCE TAKEAWAY

For Directive 4, the critical question is ownership stake, not geography. A non-Russian deepwater oil project anywhere in the world can trigger the restriction if initiated after January 29, 2018, and a listed Russian energy company holds 33%+ ownership. Financial services and gas-only projects remain outside Directive 4's scope.

5. Title II — Russia: Secondary Sanctions on Non-U.S. Companies

'Secondary sanctions' are penalties the U.S. can impose on non-U.S. companies and individuals for conduct that happens entirely outside the United States. You don't have to be American to face these consequences. This is the aspect of CAATSA that most directly affects international companies.

5.1 Section 231: Penalizing Companies That Buy Russian Military Equipment

Section 231 says: if you — as a foreign company or individual — knowingly engage in a **significant transaction** with a person that is part of, or works for, Russia's defense or intelligence sector, the U.S. government must impose at least five different penalties on you from a menu of twelve options (described in Section 7 of this guide).

The 'List of Specified Persons' — Russia's Defense Sector Roster

The State Department published a list (called the List of Specified Persons, or LSP) of over 80 Russian defense and intelligence entities. This includes major bodies like Rosoboronexport, Russia's main arms export agency. Doing significant business with anyone on this list creates Section 231 exposure.
Being on the LSP does not make an entity 'blocked' in the traditional sense — it's a trigger list, not a sanctions list. The sanctions risk falls on the counterparty (you), not on the Russian entity itself.

What Does 'Significant Transaction' Mean?

There is no clear dollar threshold for Section 231. The State Department decides case-by-case whether a transaction is significant, considering factors like its size, how frequent it is, and its connection to Russia's defense capabilities. The Turkey S-400 deal was found to be significant even though Turkey argued the purchase was a sovereign defense decision.

Real Examples of Section 231 in Action

When	Who Was Sanctioned	What Happened	Key Lesson
September 2018	China's government defense procurement agency (EDD) and its director	Bought Russian Su-35 jets and S-400 missile systems from Rosoboronexport	First Section 231 action. Confirmed that a sovereign government buying military hardware from Russia's defense sector counts as a 'significant' transaction.
December 2020	Turkey's defense procurement agency (SSB) and four of its senior officials	Bought Russia's S-400 missile defense system from Rosoboronexport	First time a NATO ally was sanctioned. SSB got targeted restrictions (NS-MBS List); its four top officials got fully blocked (SDN List). Turkey's argument that it was a sovereign defense decision was rejected.

CRITICAL — No Safe Harbor for Section 231

Unlike Sections 226 and 228 (below), Section 231 has no published safe harbor. Even if a U.S. company could do the same transaction without needing special OFAC permission, that does NOT protect a foreign company from Section 231 exposure. There is also no bright-line dollar threshold.

(§ 589.413(i) applies only to Sections 226 and 228 — not Section 231.)

5.2 Section 226: Penalizing Banks That Process Payments for Sanctioned Russians

Section 226 made it mandatory (rather than optional) for the U.S. government to penalize foreign banks that knowingly process significant financial transactions for Russian entities or individuals on OFAC's SDN List (under Russia-related executive orders). (OFAC FAQ #541)

The penalty for a bank caught by Section 226 is that its ability to operate U.S. dollar correspondent accounts — the accounts foreign banks hold at U.S. banks to process dollar transactions — can be restricted or prohibited entirely. For most international banks, losing U.S. dollar access is a severe consequence.

An Important Limit: When Is a Transaction 'Significant'?

Not every transaction with a sanctioned Russian party triggers Section 226. OFAC looks at the full picture: the size of the transaction, how often it happens, whether management was aware, how directly it benefits the sanctioned party, whether deceptive practices were used, and the overall impact on U.S. policy goals. (OFAC FAQ #542)

Key Safe Harbor for Sections 226 and 228

§ 589.413(i): If U.S. companies could do the same transaction without needing special OFAC permission — for example, because a general license covers it — then a foreign company doing the same thing is generally NOT considered to be making a 'significant' transaction for Section 226 or 228 purposes.

Legitimate, openly-licensed activity does not expose foreign companies to secondary sanctions.

Foreign banks are NOT exposed to Section 226 penalties simply for processing transactions with Russian companies on the SSI List (the sectoral sanctions list) or NS-MBS List — UNLESS those transactions involve deliberate deception, like hiding who the actual parties are.

5.3 Section 228: Penalizing Those Who Help Sanctioned Russians Evade Restrictions

Section 228 requires the U.S. government to sanction any foreign person who knowingly facilitates a significant transaction — including deliberately obscured or structured transactions designed to evade detection — for or on behalf of a person subject to U.S. Russia sanctions. (OFAC FAQ #545, #546)

Who Counts as a 'Sanctioned Person' Under Section 228?

This is broader than you might expect. It covers not just people on the SDN List (full blocking), but also people on the SSI List (sectoral sanctions) and the NS-MBS List (targeted restrictions). It even extends to the immediate family members — children, spouses, parents, and siblings — of sanctioned individuals.

NOTE — Extended Family Scope

Example: if you knowingly help the spouse of a fully-sanctioned Russian oligarch move money or conduct business, you are potentially subject to Section 228 secondary sanctions — even if the spouse themselves has never been designated.

Key Legal Standard: What Does 'Knowingly' Mean?

Under Section 228 (31 CFR § 589.322), 'knowingly' means either that you had actual knowledge of what you were doing, or that you should have known. Deliberately closing your eyes to red flags — what lawyers call 'willful blindness' — is not a defense. Due diligence matters.

5.4 Section 228: Human Rights Abusers

Section 228 also requires mandatory sanctions on foreign persons responsible for serious human rights abuses against people who try to expose illegal activity by Russian government officials, or against those exercising universally recognized human rights in Russia.

KEY COMPLIANCE TAKEAWAY

Secondary sanctions are the aspect of CAATSA that most affects non-U.S. companies. Section 231 (defense sector) has no safe harbor and no dollar threshold — screen the State Department's LSP before any defense-related dealings with Russian entities. Sections 226 and 228 have a safe harbor for generally-licensed activity, but Section 231 does not.

6. The 'Oligarchs Report' — Not a Sanctions List

CAATSA required the U.S. government to compile and give Congress a report listing senior Russian political figures, wealthy oligarchs, and major state-controlled Russian companies. The unclassified version was published January 29, 2018, with 210 individuals and entities listed.

Being on the Section 241 oligarchs report is NOT the same as being sanctioned. OFAC has stated clearly that inclusion does not 'imply, give rise to, or create any restrictions, prohibitions, or limitations' on doing business with that person. It is not a sanctions list. (OFAC FAQ #552)

However, Treasury told Congress simultaneously that the report was being used to inform future sanctions decisions. Many people on the report were subsequently designated on the SDN List in later rounds of Russia sanctions actions.

What to Do With This List

Treat it as a serious red flag for enhanced due diligence — not as a reason to stop doing business, but as a signal to look more carefully. Before any significant transaction with a listed person, check whether they have since been added to the SDN or NS-MBS list.

KEY COMPLIANCE TAKEAWAY

The Section 241 report is a due diligence trigger, not a prohibition. Verify current list status at sanctionssearch.ofac.treas.gov before transacting with any listed person.

7. The 12 Penalties the U.S. Can Impose (Section 235)

When the U.S. government decides to act under CAATSA — for example, because a company bought Russian military equipment — it selects from a menu of 12 possible penalties (under E.O. 13849). At least 5 must be chosen when Section 231 (defense sector) is triggered. Here is what each penalty actually means:

Penalty	What It Means in Practice	Freezes Assets?
(1) No U.S. Export-Import Bank help	The U.S. Ex-Im Bank cannot provide financing, insurance, or guarantees for products exported to the sanctioned company	No
(2) No U.S. export licenses	The sanctioned company cannot receive goods that require a U.S. export license — which covers a wide range of technology and dual-use items	No
(3) No large U.S. bank loans	U.S. banks cannot lend or extend credit of more than $10 million total in any 12-month period. Exception: loans for humanitarian activities. Each U.S. bank counts independently — this is not a market-wide cap	No
(4) U.S. votes 'no' at international banks	The U.S. government must oppose any loans from the World Bank or other international financial institutions that would benefit the sanctioned party	No

Penalty	What It Means in Practice	Freezes Assets?
(5) No role as U.S. debt dealer	The sanctioned company cannot serve as a 'primary dealer' — meaning it cannot be one of the select institutions that buys U.S. government bonds directly from the Treasury at auction	No
(6) No role as U.S. government bank	The sanctioned company cannot serve as a repository for U.S. government funds	No
(7) No U.S.-jurisdiction foreign exchange	Any foreign currency transactions touching the U.S. financial system that involve the sanctioned party are prohibited — effectively cutting off dollar access	No
(8) No U.S. banking	The sanctioned party cannot conduct banking transactions through U.S. financial institutions	No
(9) Full asset freeze — SDN List	All property and financial assets subject to U.S. jurisdiction are frozen. The 50% Rule applies to subsidiaries. This is the most severe sanction on the menu	YES — SDN List
(10) No U.S. investment	U.S. persons cannot purchase significant equity (ownership stakes) or debt (bonds, loans) in the sanctioned entity	No
(11) Executive visa ban	The sanctioned company's top executives are barred from entering the United States	No
(12) Sanction the executives personally	The company's top executives are themselves sanctioned — they may be placed on the SDN List (full freeze) or NS-MBS List (targeted restrictions) depending on which specific penalties are chosen for the individual	Depends on choices made

The NS-MBS List and What It Means for Subsidiaries

When penalties 1–8 or 10–11 are imposed (the non-freezing ones), the sanctioned company is placed on the NS-MBS List. Each entry on that list specifies exactly which of the 12 penalties apply — so you must read the specific entry, not assume all penalties apply.

> **50% Rule Does NOT Apply to NS-MBS List**
>
> If a company is on the NS-MBS List with non-freezing sanctions, its subsidiaries are NOT automatically restricted — unless OFAC separately adds them. This is the opposite of how the SDN List works.
>
> (OFAC FAQ #869)

8. Other Russia Provisions Worth Knowing

Title II contains additional sanction authorities. These are primarily administered by the State Department, but OFAC implements any resulting penalties from the Section 235 menu.

Section 232: Pipeline Sanctions

The U.S. government can sanction anyone who makes investments that significantly help Russia build new energy export pipelines. This was aimed at projects like Nord Stream 2. Affected entities end up on the NS-MBS List. The Protecting Europe's Energy Security Act (PEESA, 2019) later became the primary tool for pipeline sanctions, but Section 232 remains on the books.

Section 233: Unfair Privatization Sanctions

The U.S. can sanction anyone who invests in or helps arrange the privatization of Russian state-owned assets in a way that unjustly enriches Russian government officials or their family members. Not every privatization deal is covered — only those where the benefit to officials is improper.

Section 234: Arms Transfers to Syria

The U.S. can sanction anyone who transfers significant arms to Syria with Russia's assistance. This is primarily a State Department authority.

9. Title III — North Korea

Title III expanded the North Korea sanctions law that was already in place (the North Korea Sanctions and Policy Enhancement Act of 2016 (NKSPEA)). Everything is incorporated into OFAC's North Korea Sanctions Regulations at 31 CFR Part 510 — there is no separate CAATSA document to look up for North Korea.

9.1 What New Activities Became Sanctionable

- More goods: Trading in North Korean precious metals, coal, iron, lead, and seafood is now sanctionable — buying these products, exporting them, or helping others do either.
- Aviation services: Providing aviation services to North Korea — like aircraft maintenance, fueling, or managing North Korean airline routes — can trigger sanctions.
- Ship insurance: Providing marine insurance or reinsurance to North Korean vessels is sanctionable.
- Financial institutions: Foreign banks that knowingly do significant business with North Korean banks, or help North Korea access the global financial system, face secondary sanctions — similar to the Russia FFI provisions.
- Exported labor: Knowingly employing North Korean workers sent abroad (a significant source of hard currency for the regime) is sanctionable.

9.2 Where to Find the Rules

Unlike the Russia program, where OFAC issues separate standalone general license documents, all North Korea permissions (general licenses) are built directly into 31 CFR Part 510. If you need to know what is or isn't allowed, the regulation itself is the starting point — not a separate document.

North Korea sanctions are also closely tied to United Nations Security Council resolutions. The U.S. unilateral sanctions and UN multilateral sanctions overlap significantly, which means violations may have both U.S. and international legal consequences.

KEY COMPLIANCE TAKEAWAY

For North Korea, 31 CFR Part 510 is your single starting point for both what's prohibited and what's allowed. There are no standalone GL documents to track.

10. Licenses — How to Get Permission for Restricted Activities

A 'license' in the sanctions world is formal permission from OFAC to do something that would otherwise be prohibited. It is not a business license or a government contract — it is more like a waiver of the prohibition. There are two kinds.

General Licenses — Automatic Permissions With Conditions

OFAC publishes general licenses in its regulations or as standalone documents. Anyone who meets the stated conditions can rely on a general license without filing any application. Think of them as published exceptions that say 'you can do X even though it would otherwise be prohibited, as long as conditions A, B, and C are met.'

- **Russia general licenses** are published as standalone documents and incorporated into 31 CFR Part 589. A large batch was issued in 2022 when Russia invaded Ukraine, covering things like certain energy transactions, wind-down of contracts with newly-sanctioned parties, and journalistic activities.
- **North Korea general licenses** are built directly into 31 CFR Part 510. There are no standalone GL documents for North Korea.
- **Iran/IRGC:** Standard IEEPA exemptions (personal communications, humanitarian, informational) do NOT apply to IRGC-designated persons. For other Iran transactions not involving the IRGC, the normal Iran program licenses and exemptions continue to apply.

Specific Licenses — Individual Applications

If your transaction isn't covered by a general license, you can apply to OFAC for a specific license. OFAC reviews each application and decides whether to grant permission. There's no guarantee of approval.

Waivers Under Section 236

For Russia-related sanctions only, the President can grant a one-off waiver if it is in U.S. national security interests — but must notify Congress. There is also a specific carve-out (Section 237) protecting NASA and space-related activities. These waivers are rare and not available for Iran or North Korea provisions.

11. How the Three Sanctions Lists Work Together

One of the most common sources of confusion is not knowing what type of list a counterparty is on — because the consequences are very different depending on the list. Use the OFAC Consolidated Sanctions List Search to check all three lists at once.

List	What It Means	50% Rule?	Who Uses It?
SDN List [CAATSA - RUSSIA]	Full asset freeze — nearly all transactions prohibited. The most severe designation.	YES — subsidiaries are also blocked automatically	Companies and individuals with full blocking sanctions, including IRGC-related persons
SSI List (Sectoral Sanctions)	NOT a full freeze. Only specific types of transactions are restricted — new debt above certain maturity limits, new equity, or certain energy services, depending on the Directive.	YES — restrictions extend to companies 50%+ owned by listed entities	Major Russian banks (Directive 1), energy companies (Directive 2), and Directive 4 energy project entities
NS-MBS List (Non-SDN Menu-Based)	NOT a freeze. Targeted restrictions only — check which specific Section 235 penalties apply to each entry. Assets are not frozen.	NO — subsidiaries are NOT automatically restricted unless OFAC lists them separately	Companies sanctioned under Section 231 (defense sector), Section 232 (pipelines); first used for Turkey's SSB in December 2020

Always use OFAC's Consolidated Sanctions List Search tool (sanctionssearch.ofac.treas.gov) to check all three lists at once. For NS-MBS List entries, click through to the entry's details — each one specifies exactly which of the 12 Section 235 penalties apply to that particular company or individual.

12. What This Means for Your Organization

The implications of CAATSA depend heavily on where your organization is based and what kind of business you do. Here is a practical summary.

If You Are a U.S. Company or Person

- You may not do business with anyone on the SDN List — including all [CAATSA - RUSSIA] tagged entries. Check at sanctionssearch.ofac.treas.gov.
- You may not provide new loans above the maturity limits to SSI Directive 1 (Russian banks, >14 days) or Directive 2 (Russian energy, >60 days) listed entities.
- You may not provide goods, non-financial services, or technology for deepwater, Arctic, or shale oil projects meeting Directive 4 criteria — inside Russia or (for new projects from Jan. 29, 2018) anywhere in the world if a Directive 4 entity has a 33%+ ownership stake.
- You may not engage in almost any transaction with the IRGC or IRGC affiliates blocked under 31 CFR Part 594 — and the normal IEEPA exemptions (personal communications, humanitarian, informational materials) do not apply.

If You Are a Non-U.S. Company

- You face secondary sanctions exposure under Section 231 if you knowingly engage in significant transactions with Russia's defense or intelligence sector. There is no bright-line dollar threshold — Turkey was sanctioned for a government-to-government arms purchase. Screen the State Department's LSP.
- If you are a bank, you face correspondent account sanctions under Section 226 if you knowingly process significant payments for Russian SDN-listed persons. You are NOT exposed for SSI or NS-MBS listed counterparties unless deceptive practices are involved. (FAQ #541)
- You face sanctions under Section 228 if you knowingly facilitate significant transactions for Russian-sanctioned persons (SDN, SSI, or NS-MBS listed) or their immediate family members — even if that activity takes place entirely outside the United States. (FAQ #545, #546)
- The 'significant transaction' safe harbor applies to you (§ 589.413(i)): if U.S. companies could have done the same transaction without special OFAC permission, you generally won't be treated as making a 'significant' transaction for Sections 226 and 228. This safe harbor does NOT apply to Section 231.

For Everyone: Due Diligence Steps

- Screen counterparties against all three OFAC lists (SDN, SSI, NS-MBS) and the State Department's List of Specified Persons (for Russia defense sector exposure).
- For NS-MBS List entities, read the specific penalties listed for that entity — don't assume all 12 penalties apply.
- Treat the Section 241 oligarchs report as a due diligence red flag, not a prohibition list.
- For any transaction involving energy projects with a potential Russian energy company investor, check whether Directive 4's 33% ownership trigger applies — even for projects outside Russia.
- Keep monitoring: OFAC regularly adds new CAATSA-Russia entries to the SDN List. Subscribe to OFAC's free email updates.

13. Official Answers to Common Questions

OFAC publishes 'Frequently Asked Questions' (FAQs) that give authoritative answers on how specific rules work. Here are the most important ones for CAATSA, in plain language. All FAQs are searchable at ofac.treasury.gov/faqs/all-faqs.

The IRGC was already sanctioned before 2017. What did CAATSA change?

Answer (OFAC FAQ #533 and #534): CAATSA made it mandatory (not optional) to apply terrorism-type sanctions under E.O. 13224 to the IRGC as a whole and to foreign IRGC officials, agents, and affiliates. The critical practical change: the normal exceptions that apply in most sanctions programs — for personal communications, humanitarian aid, and informational materials — are completely unavailable for these terrorism-designated parties. You cannot rely on those exemptions when dealing with IRGC-designated entities.

Does Section 223 require the U.S. government to add new sectors to the Russia sanctions list?

Answer (OFAC FAQ #539): No. Section 223(a) authorizes the U.S. to add new Russian economy sectors to the sanctions list but does not require it. OFAC has said that maintaining coordination with allies is a key consideration, and has not interpreted this provision as a mandate to expand the list.

Which transactions with Russia-linked parties count as 'significant' for secondary sanctions purposes?

Answer (OFAC FAQs #542 and #545): OFAC looks at seven factors: size and frequency, nature of the transaction, management awareness, connection to a sanctioned party, impact on U.S. policy goals, whether deception was used, and any other relevant factors. The single most important limiting principle: a transaction is NOT significant if U.S. persons could do the same thing without needing special OFAC permission (§ 589.413(i)).

My counterparty is on the SSI or NS-MBS list, not the SDN list. Am I exposed to secondary sanctions for doing business with them?

Answer (OFAC FAQs #541, #542, #546): Generally no — unless your transactions involve deceptive practices. Foreign banks (for Section 226) and other foreign persons (for Section 228) are not exposed to secondary sanctions simply for transacting with SSI or NS-MBS listed counterparties. The secondary sanctions exposure is primarily for dealings with SDN-listed persons (and, under Section 228, their immediate family members).

Does the Section 241 'oligarchs report' mean I can't do business with the people listed in it?

Answer (OFAC FAQ #552): No. The report is not a sanctions list. OFAC has said explicitly that inclusion does not create any restrictions or prohibitions. Use it as a due diligence alert — check whether listed individuals have since been added to OFAC's actual sanctions lists.

What is the $10 million loan limit about?

Answer (OFAC FAQ #870): When a company is placed on the NS-MBS List and the Section 235(a)(3) loan restriction is applied to it, each U.S. bank is individually prohibited from providing more than $10 million in loans or credits to that company in any 12-month period. This is per bank, not a total market cap. Loans for humanitarian activities are exempt.

If a company on the NS-MBS List owns another company, is the subsidiary also restricted?

Answer (OFAC FAQ #869): No. The 50% Rule — which automatically extends restrictions to subsidiaries — does NOT apply to the NS-MBS List. Only subsidiaries that OFAC separately lists on the NS-MBS List are themselves restricted. This is different from the SDN List, where the 50% Rule does apply.

What did Executive Order 13849 actually do?

E.O. 13849 (September 2018) gave OFAC the legal tools it needed to actually carry out CAATSA. It granted Treasury the authority under IEEPA to implement CAATSA sanctions, and gave OFAC the power to issue regulations, administrative subpoenas, licenses, and the full range of civil enforcement actions against CAATSA violators. (OFAC FAQ #627)

14. Where to Find Official Information

What You Need	Where to Find It
Overview of CAATSA with all linked official documents	ofac.treasury.gov → Sanctions Programs → CAATSA-Related Sanctions
Russia sanctions (all Directives, GLs, advisories, FAQs)	ofac.treasury.gov → Sanctions Programs → Russia-related Sanctions
Iran sanctions (IRGC, GTSR, CAATSA Section 105)	ofac.treasury.gov → Sanctions Programs → Iran Sanctions
North Korea sanctions including CAATSA Title III	ofac.treasury.gov → Sanctions Programs → North Korea Sanctions; also 31 CFR Part 510 for the full regulations
Search the SDN, SSI, and NS-MBS Lists at once	sanctionssearch.ofac.treas.gov (Consolidated Sanctions List Search)
State Dept. List of Specified Persons (defense/intel sector)	State Department Bureau of International Security and Nonproliferation — List of Specified Persons
Apply for a specific license	ofac.treasury.gov → License Application Page
All OFAC FAQs (searchable)	ofac.treasury.gov/faqs/all-faqs
Full CAATSA statutory text	P.L. 115-44 on govinfo.gov

Plain-language introduction for professional non-experts. Not legal advice. Content reflects sources available as of May 2026. For compliance decisions, consult official OFAC publications at ofac.treasury.gov and seek qualified legal counsel when needed.