

CAATSA SANCTIONS

A Practitioner's Reference Guide

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

Iran · Russia · North Korea

Substantive reference guide: what each provision prohibits, restricts, and exempts, with the actual content of key OFAC FAQs and guidance embedded throughout. For sanctions professionals. Not legal advice. Verify at ofac.treasury.gov. May 2026.

How to Use This Guide

This is a transaction-level reference document, not a narrative introduction to CAATSA. It is designed to be consulted when you already know what you are looking at and need to confirm what the law requires, where the ambiguities lie, or what OFAC has said about a specific question.

Navigating this guide:

Sections 1–3 cover the statutory architecture and the Russia Directives — start here if you need to confirm what list a counterparty is on and what that list prohibits.

Sections 4–6 cover the three secondary sanctions provisions (Sections 226, 228, 231). Section 6 includes the enforcement track record integrated into the significant-transaction analysis — the most important section for non-U.S. persons assessing exposure.

Section 7 is the Section 235 sanctions menu table — use it when you need to know exactly which restrictions a specific NS-MBS-listed entity faces.

Section 13 is the compliance checklist. Use it to walk a specific transaction through the framework step by step.

Section 14 reproduces the operative content of key OFAC FAQs. Inline FAQ references throughout the guide (in grey italics) point here.

IMPORTANT: Similar language across Titles I, II, and III may carry different legal meanings. OFAC has explicitly warned against reasoning by analogy across titles. Always check program-specific guidance.

1. Overview and Legislative Architecture

Signed August 2, 2017 (P.L. 115-44), CAATSA has three titles that operate partly independently. OFAC warns explicitly that similar language across titles may carry different meanings because each title reflects distinct foreign policy objectives. Implementation is split between Treasury/OFAC (sanctions lists, regulations, licensing) and State (secondary sanctions determinations under Sections 231, 232, 233, 234).

| Title | Popular Name | Country | Primary OFAC Role |
|-----------|--|-------------|--|
| Title I | Countering Iran's Destabilizing Activities Act of 2017 | Iran | Mandatory E.O. 13224 designation of IRGC; GTSR amendment |
| Title II | Countering Russian Influence in Europe and Eurasia Act of 2017 | Russia | Codifies EOs; tightens Directives 1/2/4; new secondary sanctions |
| Title III | Expands NKSPEA of 2016 | North Korea | Incorporated into 31 CFR Part 510; expands sanctionable activities |

Legal Hierarchy

Statute (P.L. 115-44) → Presidential E.O.s (especially E.O. 13849) → OFAC Regulations (31 CFR Parts 510, 589, 594) → Directives 1, 2, 4 (issued under E.O. 13662). Each layer may be more restrictive but not

less restrictive than the one above it. Congressional review is required before the President can terminate or significantly modify sanctions codified under Section 222.

E.O. 13849 (September 20, 2018) is the implementing executive order for CAATSA's menu-based sanctions. It provides IEEPA authority for the Secretary of the Treasury to implement CAATSA sanctions and gives OFAC authority to promulgate regulations, issue administrative subpoenas and licenses, and take the full range of civil enforcement actions. (FAQ #627)

KEY COMPLIANCE TAKEAWAY CAATSA does not stand alone — every compliance decision requires checking which layer of the hierarchy (statute, E.O., CFR, Directive) controls, and whether program-specific guidance overrides any general principle you might import from another program.

2. Title I — Iran: Section 105 and the IRGC

Title I added mandatory IRGC sanctions using the global terrorism authority of E.O. 13224, with significant operational consequences beyond pre-existing Iran sanctions.

2.1 What Section 105 Required and What OFAC Did

Section 105 mandated imposition of E.O. 13224 (global terrorism) sanctions on: (a) the IRGC itself, and (b) all foreign persons who are officials, agents, or affiliates of the IRGC. These are not discretionary — they are mandatory once OFAC makes the applicable determination. (FAQ #533)

- **October 13, 2017:** OFAC designated the IRGC as a whole under E.O. 13224, based on its support for the IRGC-Qods Force (already designated for supporting multiple terrorist groups).
- **October 31, 2017:** OFAC amended the Global Terrorism Sanctions Regulations (31 CFR Part 594 — GTSR) to block the property and interests in property of any foreign person OFAC identifies as an IRGC official, agent, or affiliate. This amendment made blocking automatic and regulatory, not just designation-by-designation.

2.2 Why E.O. 13224 / GTSR Designation Is Materially Different from Prior IRGC Sanctions

Before October 13, 2017, the IRGC was already blocked under E.O. 13382 (WMD proliferation), E.O. 13553 (Iranian human rights abuses), and E.O. 13606 (human rights via information technology). Foreign persons engaging in certain IRGC-related activity were already exposed to secondary sanctions. The addition of E.O. 13224 / GTSR designation is materially different in one critical respect: (FAQ #534)

IEEPA Exemptions Do Not Apply to E.O. 13224 / GTSR Designees.

The standard IEEPA exemptions — for **personal communications, humanitarian donations, information or informational materials, and travel** — that apply in most OFAC programs are UNAVAILABLE with respect to transactions involving the IRGC or any foreign person identified as an IRGC official, agent, or affiliate.

In practical terms: a U.S. person who could, under other Iran programs, send a humanitarian donation or personal communication to an Iranian party cannot do so if that party is the IRGC or an IRGC affiliate blocked under the GTSR. This is a harder prohibition than standard Iran sanctions.

2.3 Scope of Coverage

- The IRGC itself (as a whole), including all organizational components.
- Any foreign person identified by OFAC as an official, agent, or affiliate of the IRGC — blocking takes effect when OFAC makes that identification and amends the GTSR list.
- Property and interests in property of all the above, wherever located, if subject to U.S. jurisdiction.
- OFAC's **50% Rule** applies: entities 50%+ owned by an IRGC-designated person are also blocked, whether or not separately listed.

Other Title I provisions (Sections 106, 107, 108) authorize or require sanctions related to arms embargo violations, human rights, and ballistic missiles. These are administered primarily by State, and OFAC's CAATSA page links only to the Section 105 FAQ and GTSR amendment.

KEY COMPLIANCE TAKEAWAY When screening Iran-related transactions, standard humanitarian and informational-materials safe harbors are unavailable if the counterparty is the IRGC or an IRGC affiliate — even if the same activity would be permissible under the general Iran program.

3. Title II — Russia: Codification and Sectoral Sanctions

Title II is the most complex portion of CAATSA for OFAC compliance purposes. It has three distinct functions: (1) locking existing EO-based sanctions into statute; (2) tightening the existing sectoral sanctions Directives; and (3) creating new secondary sanctions authorities targeting non-U.S. persons.

3.1 Section 222: Codification of Executive Orders

Section 222 codified E.O. 13660, E.O. 13661, E.O. 13662, and E.O. 13685 into statutory law. The practical consequence: the President may not terminate or waive these sanctions without submitting a certification to Congress and waiting through a congressional review period. Congress retains the ability to pass a joint resolution of disapproval to block the action.

3.2 Section 223: Modifications to Directives 1, 2, and 4

Section 223 directed OFAC to tighten the permissible debt maturities in Directives 1 and 2, and to expand Directive 4 globally.

Directive 1 (Financial Sector) — as amended September 29, 2017

Who it covers: Persons identified on the SSI List under Directive 1 — specifically, certain major Russian financial institutions (e.g., Sberbank, VTB Bank, Gazprombank, VEB, Rosselkhozbank and their successors/subsidiaries on the SSI List).

- **Prohibited:** U.S. persons may not deal in, arrange, or facilitate new debt of greater than **14 days maturity** for SSI Directive 1 entities. New equity is also prohibited.
- **Permitted:** New debt with maturity of 14 days or fewer. Pre-existing debt obligations (no rollover at prohibited maturities). Transactions not involving new debt or equity.
- **50% Rule:** The Directive 1 prohibitions extend to entities owned 50%+ by one or more SSI Directive 1 entities, even if the subsidiary is not itself on the SSI List. (*FAQ #373*)

Directive 2 (Energy Sector) — as amended September 29, 2017

Who it covers: Persons identified on the SSI List under Directive 2 — specifically, certain major Russian energy companies (e.g., Rosneft, Transneft, Gazprom Neft and their listed successors/subsidiaries).

- **Prohibited:** U.S. persons may not deal in, arrange, or facilitate new debt of greater than **60 days maturity** for SSI Directive 2 entities. New equity is also prohibited.
- **Permitted:** New debt with maturity of 60 days or fewer. Pre-existing obligations not constituting new debt or equity.

Directive 4 (Energy Services/Technology) — as amended October 31, 2017

Directive 4 was expanded by CAATSA from covering only Russia-located projects to covering projects worldwide. It contains two operative prohibitions (effective January 29, 2018):

- **Prohibition 1 (Russia-located projects):** U.S. persons may not provide, export, or reexport, directly or indirectly, goods, services, or technology in support of exploration or production for deepwater, Arctic offshore, or shale projects that: (a) have the potential to produce oil in Russia or

in maritime areas claimed by Russia, and (b) involve any SSI Directive 4-listed entity, its property, or interests in property.

- **Prohibition 2 (Global, new projects from Jan. 29, 2018):** U.S. persons may not provide, export, or reexport goods, services, or technology for deepwater, Arctic offshore, or shale projects that: (a) were initiated on or after January 29, 2018; (b) have the potential to produce oil in any location worldwide; and (c) involve a Directive 4-listed entity with a **33% or greater ownership interest** or a majority of voting interests in the project.
- **Services covered:** Drilling services, geophysical services, geological services, logistical services, management services, modeling capabilities, and mapping technologies.
- **Financial services exception:** Directive 4 explicitly does NOT prohibit the provision of financial services. The prohibition covers goods, non-financial services, and technology only.
- **Gas-only exception:** If a project has the potential to produce gas only (no oil), Directive 4 does not apply, regardless of who is involved.

Section 223(a): Section 223(a) authorizes — but does NOT require — OFAC to impose sanctions on additional sectors of the Russian economy. OFAC has clarified that it does not interpret this as a mandate, and that maintaining allied coordination is a key consideration before adding new sectoral targets. (FAQ #539)

KEY COMPLIANCE TAKEAWAY For Directive 4, the critical question is ownership stake, not geography. A non-Russian deepwater oil project anywhere in the world falls under Directive 4 if initiated after January 29, 2018, and a Directive 4-listed entity holds 33%+ ownership. Gas-only and financial-services-only activity remains outside Directive 4's scope.

4. Section 226 — Foreign Financial Institution Sanctions

Section 226 amended Section 5 of the Ukraine Freedom Support Act (UFSA), making sanctions on foreign financial institutions (FFIs) mandatory rather than discretionary. This section is now codified at 31 CFR § 589.209.

4.1 What Triggers Section 226 FFI Sanctions

An FFI faces correspondent account or payable-through account sanctions if the Secretary of the Treasury determines it knowingly: (FAQ #541)

- Facilitates significant financial transactions on behalf of any Russian person added to OFAC's SDN List under UFSA, E.O. 13660, E.O. 13661, E.O. 13662, E.O. 13685, or any other EO addressing the crisis in Ukraine; or
- Engages in significant transactions involving certain defense- and energy-related activities specified in Directive 1, 2, or 4 of E.O. 13662.

KEY LIMIT: FFIs are NOT subject to Section 226 sanctions solely for facilitating transactions with SSI-listed (Directive 1, 2, 3) or NS-MBS-listed persons — UNLESS those transactions involve deceptive practices.

4.2 What 'Significant Transaction' Means for Section 226

OFAC considers the totality of facts and circumstances. Seven non-exhaustive factors: (FAQ #542)

- (1) The size, number, and frequency of the transaction(s)
- (2) The nature of the transaction(s)
- (3) The level of management awareness and whether part of a pattern of conduct

- (4) The nexus between the transaction(s) and a person subject to U.S. sanctions with respect to Russia
- (5) The impact of the transaction(s) on the statutory objectives of UFSA
- (6) Whether the transaction(s) involve deceptive practices
- (7) Such other factors as the Secretary deems relevant on a case-by-case basis

SAFE HARBOR (§ 589.413(i)): A transaction is NOT significant if U.S. persons would not require a specific license from OFAC to participate in it. Activity that is generally licensed does not count as 'significant' for secondary sanctions purposes. This safe harbor applies to both Section 226 and Section 228.

4.3 Consequences of Section 226 Sanctions

Sanctions on an FFI under § 589.209 mean that Treasury will impose one of the following on the FFI's U.S. correspondent or payable-through accounts:

- **Prohibition:** Prohibition on opening or maintaining U.S. correspondent accounts or payable-through accounts.
- **Strict conditions:** Imposition of strict conditions on U.S. correspondent or payable-through accounts (e.g., enhanced due diligence, reporting).

U.S. financial institutions are notified via the Federal Register when Treasury imposes these prohibitions or conditions. (*FAQ #543*)

KEY COMPLIANCE TAKEAWAY For FFIs: secondary sanctions exposure under Section 226 is limited to transactions with Russian SDN-listed persons. Transacting with SSI or NS-MBS listed counterparties does not trigger Section 226 unless deceptive practices are involved — but deceptive practices have no safe harbor.

5. Section 228 — Sanctions Evaders and Human Rights Abusers

Section 228 added mandatory sanctions provisions to SSIDES (the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014), now codified at 31 CFR § 589.201(a)(6). It targets two distinct categories of conduct.

5.1 Category 1: Facilitating Evasion of Russia Sanctions

Mandatory sanctions apply to any foreign person that knowingly facilitates a significant transaction, including a deceptive or structured transaction, for or on behalf of: (*FAQ #546*)

- Any person subject to U.S. sanctions with respect to the Russian Federation — this includes **SDN-listed, SSI-listed, AND NS-MBS-listed** persons; or
- A **child, spouse, parent, or sibling** of such a sanctioned person.

NOTE: The extension to immediate family members means facilitating transactions for the spouse of an SDN-listed Russian oligarch can itself trigger Section 228 secondary sanctions — regardless of whether the spouse is themselves designated.

5.2 Category 2: Human Rights Abusers

Mandatory sanctions also apply to foreign persons responsible for, complicit in, or who directed the commission of serious human rights abuses against individuals seeking to expose illegal activity by Russian government officials, or against persons exercising universally recognized human rights in Russia.

5.3 Key Defined Terms Under Section 228

(FAQ #545)

- **'Knowingly'**: The person has actual knowledge, or should have known, of the relevant conduct, circumstance, or result (31 CFR § 589.322). This is an objective standard — willful blindness is not a defense.
- **'Materially violate'**: Interpreted as an 'egregious' violation, assessed under OFAC's Economic Sanctions Enforcement Guidelines General Factors.
- **'Facilitates for or on behalf of'**: Providing assistance for a transaction from which the sanctioned person derives a particular benefit of any kind.
- **'Significant transaction'**: Same totality-of-circumstances framework as Section 226 (FAQ #542). NOT significant if a U.S. person could participate without a specific OFAC license (§ 589.413(i) safe harbor). Note: this safe harbor applies to Sections 226 and 228, but NOT to Section 231.
- **'Deceptive or structured transaction'**: Includes attempts to obscure or conceal the actual parties, the true nature of the transaction, or to evade sanctions.
- **'Subject to sanctions with respect to Russia'**: OFAC interprets this broadly — SDN, SSI, and NS-MBS listed persons are all included, as are persons blocked pursuant to OFAC's 50% Rule. (FAQ #546)

KEY COMPLIANCE TAKEAWAY Section 228's scope is broader than most practitioners assume: it reaches SSI and NS-MBS counterparties (not just SDN), extends to immediate family members of sanctioned individuals, and applies an objective 'knew or should have known' standard that makes due diligence gaps legally relevant.

6. Section 231 — Defense and Intelligence Sector Secondary Sanctions

Section 231 is the provision with the broadest extraterritorial reach. It requires the President to impose at least five Section 235 sanctions on any person who knowingly engages in a significant transaction with a person in Russia's defense or intelligence sectors. The effective date for this obligation was January 29, 2018.

6.1 The 'Significant Transaction' Requirement and Key Ambiguities

The obligation to impose sanctions arises when a person knowingly engages in a significant transaction with a person that is part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation.

CRITICAL DISTINCTION FROM SECTIONS 226 AND 228:

'Significant transaction' under Section 231 is **not defined by regulation** in the same way as under Sections 226 and 228. It is assessed case-by-case by the **Secretary of State** in consultation with the Secretary of the Treasury — not OFAC. Two consequences follow:

(1) No bright-line dollar threshold. The factors used are not published with the same specificity as the Section 226 seven-factor test. Size matters, but a government-to-government arms purchase by a sovereign state was found to be significant.

(2) No § 589.413(i) safe harbor. The general-license safe harbor that limits Section 226 and Section 228 exposure does NOT apply to Section 231. There is no published equivalent provision. A transaction that is generally licensed under OFAC rules is not automatically insulated from Section 231 review.

6.2 The Section 231(d) List of Specified Persons (LSP)

The State Department published the initial List of Specified Persons (LSP) on October 27, 2017, identifying individuals, entities, and government agencies associated with Russia's defense or intelligence sectors. The LSP has more than 80 entries, including major entities such as Rosoboronexport (ROE), Russia's main arms export body.

- **LSP ≠ SDN List:** Being on the LSP does not itself mean the entity is blocked. OFAC's 50% Rule does not automatically apply to subsidiaries of LSP-listed entities that are not also on the SDN List.
- Dealing with LSP entities triggers Section 231 exposure for the **counterparty**, not the LSP-listed entity itself.

6.3 How 'Significant' Has Been Interpreted: Enforcement Record

The following enforcement actions are the primary available guidance on how the State Department has applied the significant-transaction standard. They should be read as part of the Section 231 analysis, not as separate historical data points.

| Date | Party Sanctioned | Transaction | Compliance Implications |
|----------------|--|---|--|
| September 2018 | China's Equipment Development Department (EDD) and its director | Purchase of Russian Su-35 fighter jets and S-400 missile systems from Rosoboronexport | First Section 231 enforcement action. Confirmed that sovereign defense procurement decisions by a major power constitute 'significant' transactions. |
| December 2020 | Turkey's Presidency of Defense Industries (SSB); four senior SSB officials | Procurement of Russia's S-400 missile defense system from Rosoboronexport | First action against a NATO ally. SSB placed on NS-MBS List (non-blocking, five Section 235 penalties). Four officials placed on SDN List (full blocking). Confirms: (1) government-to-government arms transfers are within scope; (2) 'significant' does not require a dollar threshold finding; (3) individual executives can be separately blocked even when the entity is not. |

Practical read-across: Turkey argued its S-400 purchase was a sovereign defense decision outside U.S. jurisdiction. That argument was rejected. Any non-U.S. person transacting with an LSP-listed entity for defense-related goods or services should treat Section 231 exposure as real regardless of the transaction's characterization or the buyer's sovereign status.

KEY COMPLIANCE TAKEAWAY Section 231 has the least regulatory guidance and the most State Department discretion of the three secondary sanctions provisions. There is no safe harbor, no bright-line threshold, and the enforcement record shows government-to-government sovereign procurement does not create immunity. Screen LSP counterparties as a hard first step; escalate to legal counsel before proceeding.

7. Section 235 — The Sanctions Menu

At least five of the twelve sanctions below must be imposed when triggered by Section 231. The President (or, via E.O. 13849, the Secretary of State in consultation with the Secretary of the Treasury) selects from the menu. Section 235(a)(9) — full asset blocking — is the only sanction that results in SDN List placement.

| § 235(a) | Sanction | Key Operational Details | Blocking? |
|----------|--|---|-----------------------|
| (1) | Ban: U.S. Export-Import Bank assistance | No Ex-Im financing, insurance, or guarantees for exports to the person | No |
| (2) | Ban: U.S. export licenses and authorizations | No specific export licenses for items destined to the sanctioned person | No |
| (3) | Ban: U.S. financial institution loans/credits | Each U.S. FI independently prohibited from providing >\$10M in loans or credits in any 12-month period. (FAQ #870) Limit is per institution, not a market aggregate. Repayments do not reset the cap. Humanitarian loans exempted. | No |
| (4) | U.S. opposition to multilateral bank lending | U.S. must vote against/oppose IFI loans benefiting the sanctioned person | No |
| (5) | Ban: Primary dealer for U.S. government debt | Person may not serve as primary dealer in U.S. government debt instruments | No |
| (6) | Ban: U.S. government repository | Person may not serve as repository of U.S. government funds | No |
| (7) | Foreign exchange transactions prohibition | Prohibition on FX transactions subject to U.S. jurisdiction involving the person — effectively cuts off dollar access | No |
| (8) | Banking transactions prohibition | Prohibition on transactions through U.S. financial institutions | No |
| (9) | Full asset blocking | ALL property and interests in property blocked; SDN List placement. 50% Rule applies to subsidiaries — entities 50%+ owned are also blocked even if not separately listed. | YES — SDN List |
| (10) | Ban: U.S. investment in equity or debt | U.S. persons prohibited from investing in or purchasing significant equity or debt of the person | No |
| (11) | Visa ban / exclusion of principal executive officers | Sanctioned person's principal executive officers excluded from the United States | No |
| (12) | Sanctions on principal executive officers | Sanction the person's senior executives. May result in SDN or NS-MBS listing depending on which sub-sanctions are chosen for the individual. | Depends |

7.1 50% Rule and NS-MBS List Mechanics

(FAQ #869) (FAQ #870)

- **Non-blocking sanctions (235(a)(1)–(8) and (10)–(11)):** Person is placed on the NS-MBS List. The 50% Rule does NOT extend these non-blocking sanctions to entities owned 50%+ by the sanctioned person unless OFAC separately lists the subsidiary on the NS-MBS List.
- **Blocking sanction (235(a)(9)):** Person is placed on the SDN List. The 50% Rule DOES apply — entities 50%+ owned by the blocked person are also blocked, even if not separately listed.

- **235(a)(12) (principal executive officers):** Individual executives may end up on either the NS-MBS List (if only non-blocking sanctions apply) or the SDN List (if blocking under 235(a)(9) is also imposed on them).
- **235(a)(3) loan prohibition in detail:** Each U.S. financial institution is independently prohibited from making loans or providing credits totaling more than \$10,000,000 in any 12-month period. Per institution — not an aggregate market cap. Exception: loans for activities to relieve human suffering. (FAQ #870)

KEY COMPLIANCE TAKEAWAY When a counterparty is on the NS-MBS List, read the specific entry — each one specifies exactly which Section 235(a) penalties apply. Never assume all 12 apply. And confirm whether the 50% Rule applies to any subsidiary by checking whether the parent carries blocking (SDN, 235(a)(9)) or non-blocking (NS-MBS) sanctions.

8. Sections 232–234 — Pipelines, Privatization, and Arms

These three sections are State Department authorities under which the President may — but is not required to — impose sanctions. OFAC's role is limited to implementing any Section 235 menu-based sanctions that are selected in response to a State Department determination.

Section 232: Pipeline Sanctions

Authorizes the President to impose sanctions on persons making investments that directly and significantly contribute to enhancing Russia's ability to construct energy export pipelines. The original target was projects like Nord Stream 2. Sanctions under Section 232 are drawn from the Section 235 menu. The Protecting Europe's Energy Security Act (PEESA) of 2019 and subsequent legislation have since become the primary pipeline sanctions vehicle, with affected entities appearing on the NS-MBS List.

Section 233: Privatization Sanctions

Authorizes sanctions on persons who invest in or facilitate the privatization of state-owned assets of Russia in a manner that unjustly benefits Russian government officials or their family members. The key point is that not every privatization transaction is covered — only those where the benefit accrues unjustly to Russian officials.

Section 234: Arms to Syria

Authorizes sanctions on persons who transfer significant arms or related materiel to Syria with Russia's assistance. This is a State Department-administered authority; OFAC implements any resulting Section 235 sanctions.

KEY COMPLIANCE TAKEAWAY Sections 232–234 are discretionary State Department authorities. If a counterparty's restriction arose from these provisions, check whether it is on the NS-MBS List (the normal outcome) and read that entry for the specific applicable penalties.

9. Section 241 — The Oligarchs Report

Section 241 required Treasury (coordinating with State and DNI) to submit a classified and unclassified report to Congress on senior political figures, oligarchs, and parastatal entities of the Russian Federation. The unclassified report was published January 29, 2018, listing 210 individuals.

9.1 What the Report Is and Is Not

The Section 241 report is **NOT a sanctions list**. Inclusion does not, in and of itself, imply, give rise to, or create any restrictions, prohibitions, or limitations on dealings with the listed persons. OFAC has stated this unambiguously. (FAQ #552)

Treasury Secretary Mnuchin simultaneously told a Senate committee that the report was being used to inform future targeted sanctions decisions, and that 'there will be sanctions that come out of this.' The list thus functions as a forward-looking risk indicator rather than a present prohibition.

PRACTICAL COMPLIANCE IMPLICATION: Persons on the Section 241 list warrant enhanced due diligence and monitoring, but are not currently restricted counterparties unless they independently appear on OFAC's SDN, SSI, or NS-MBS lists. Always verify current list status — many report entrants were subsequently designated.

KEY COMPLIANCE TAKEAWAY The Section 241 report is a due diligence trigger, not a prohibition. Run all report entrants through OFAC's Consolidated Sanctions List search tool before transacting, and document that screening.

10. Title III — North Korea

Title III expanded the North Korea Sanctions and Policy Enhancement Act of 2016 (NKSPEA). All provisions are incorporated into 31 CFR Part 510 — the North Korea Sanctions Regulations (NKSr). There is no standalone CAATSA-North Korea regulatory document.

10.1 What Title III Added to NKSPEA

- **Expanded sanctionable goods:** Added precious metals, coal, iron, lead, seafood, and other commodities to the list of North Korea-related goods whose import, export, or related facilitation can trigger sanctions.
- **Aviation:** Extended restrictions to aviation services for North Korea.
- **Ship insurance:** Providing insurance or reinsurance services for North Korean vessels is sanctionable.
- **North Korean financial institutions:** Expanded secondary sanctions exposure for foreign financial institutions dealing with North Korean banks.
- **Broader secondary sanctions:** Authorized sanctions on foreign persons providing significant economic or financial services to North Korea, including those helping North Korea access the global financial system.
- **Labor export:** Sanctionable conduct includes knowingly employing North Korean nationals who have been exported as laborers.

10.2 Relationship to 31 CFR Part 510 and General Licenses

All currently valid North Korea general licenses are incorporated directly into 31 CFR Part 510. Unlike the Russia program (where GLs are issued as standalone documents), North Korea compliance requires consulting Part 510 itself for both prohibitions and any authorized exceptions.

Part 510 also implements relevant UN Security Council Resolutions (UNSCRs). The North Korea program is unusual among OFAC programs in that it explicitly incorporates UNSCR obligations, meaning the multilateral and U.S. unilateral sanctions are closely intertwined — violations may have both U.S. and international legal consequences.

KEY COMPLIANCE TAKEAWAY For North Korea, Part 510 is the single operative source for both prohibitions and exceptions. There are no standalone GL documents. Always check Part 510 directly, and account for the UNSCR overlay when advising non-U.S. persons.

11. CAATSA-Relevant Sanctions Lists

Understanding which list a counterparty appears on — and under which authorities — is essential because the prohibitions, 50% Rule implications, and available exceptions differ materially across lists.

| List | Who Appears | 50% Rule | Key Consequence |
|------------------------------------|---|---|---|
| SDN List [CAATSA - RUSSIA] | Persons subject to 235(a)(9) blocking; IRGC and affiliates (GTSR) | YES — subsidiaries also blocked | Full asset freeze; virtually all transactions prohibited; secondary sanctions risk notice at 31 CFR 589.201 |
| SSI List (Directives 1–4) | Russian financial, energy, defense sector entities subject to sectoral Directives 1–4 | YES (per FAQ #373 for Directives 1 & 2) | Specific debt/equity or services prohibitions; not full blocking |
| NS-MBS List (introduced Dec. 2020) | Persons subject to non-blocking Section 235 sanctions; also PEESA pipeline entities | NO — non-blocking sanctions do not extend to subsidiaries unless separately listed | Selected Section 235(a)(1–8), (10–11) restrictions only; check specific entry for which sanctions apply |

The NS-MBS List data is included in OFAC's Consolidated Sanctions List search tool. Each NS-MBS List entry specifies which Section 235(a) sanctions have been imposed on that particular person — practitioners must read the specific entry rather than assuming all NS-MBS persons face the same restrictions.

KEY COMPLIANCE TAKEAWAY Run all counterparties through sanctionssearch.ofac.treas.gov (Consolidated Sanctions List — SDN, SSI, and NS-MBS together) plus the State Department LSP. Then determine which prohibitions apply based on which list the counterparty appears on and which specific penalties are noted in that entry.

12. Licensing Under CAATSA

CAATSA does not have a standalone licensing regime — licenses are issued under the underlying program regulations. The key structural point is that general licenses within the applicable regulations define what is permitted without individual application, while anything outside those authorizations requires a specific license from OFAC.

12.1 Russia-Related General Licenses

Ukraine-/Russia-related GLs are issued as standalone documents and published in the Federal Register, then codified in 31 CFR Part 589. A major batch was issued in 2022 in connection with Russia's invasion of Ukraine. Key GL categories include:

- GLs authorizing certain energy transactions (to avoid disruption to global energy markets during the immediate post-invasion period)
- GLs for official U.S. government activities
- GLs for journalistic activities and personal maintenance
- GLs related to wind-down of existing contracts with newly-sanctioned persons

For secondary sanctions purposes (Sections 226 and 228), a transaction that is covered by a general license is not 'significant' — the § 589.413(i) safe harbor means the foreign person engaging in the same activity is also not exposed to secondary sanctions for that transaction. **This safe harbor does NOT apply to Section 231.**

12.2 North Korea General Licenses

All North Korea GLs are incorporated into 31 CFR Part 510 itself. There are no standalone North Korea GL documents for CAATSA-related provisions. The regulations are the operative source.

12.3 Waivers Under Section 236

The President may waive Russia-related CAATSA sanctions (Title II) on a case-by-case basis if the President certifies to Congress that the waiver is in the national security interest of the United States. Section 237 provides a carve-out for NASA and space cooperation activities. There is no equivalent general waiver provision for Title I (Iran) or Title III (North Korea).

12.4 Specific Licenses and Key Licensing Policies

- **Legal fees:** OFAC guidance authorizes the release of limited amounts of blocked funds for payment of legal fees and costs incurred in challenging SDN blocking in administrative or civil proceedings — applies to CAATSA-blocked persons on the SDN List.
- **50% Rule entities:** Guidance on entities owned by blocked persons applies in the normal manner to CAATSA SDN-listed persons.
- **No deemed licensing:** A transaction covered by a GL does not create a specific license for related transactions not covered by that GL.

KEY COMPLIANCE TAKEAWAY Check for a current GL before applying for a specific license — the GL batch from 2022 is extensive. When relying on a GL for secondary sanctions safe-harbor purposes, confirm that the same GL would cover U.S.-person participation; if not, the safe harbor does not apply.

13. Compliance Quick-Reference

A transaction-level checklist for practitioners evaluating CAATSA exposure.

Step 1: Screen All Counterparties

- **SDN List** (including [CAATSA - RUSSIA] tagged entries)
- **SSI List** (Directives 1–4 — financial, energy, defense sectors)
- **NS-MBS List** (Section 235 non-blocking sanctions; PEESA entities)
- **State Department List of Specified Persons (LSP)** — Section 231 defense/intel sector exposure for non-U.S. counterparties
- For North Korea: **31 CFR Part 510** and UN Security Council designation lists

Tool: sanctionssearch.ofac.treas.gov covers SDN, SSI, and NS-MBS in a single search.

Step 2: Determine Which Prohibitions Apply

- **SDN-listed counterparty** → full blocking; virtually all transactions prohibited; IEEPA exemptions generally unavailable for IRGC/GTSR designees
- **SSI Directive 1 entity** → check debt maturity (>14 days prohibited); check new equity prohibition (*FAQ #373*)
- **SSI Directive 2 entity** → check debt maturity (>60 days prohibited); check new equity prohibition
- **SSI Directive 4 entity** → check whether transaction involves goods, services, or technology for oil-producing deepwater/Arctic/shale projects; check 33% ownership threshold for global projects; confirm financial services exception and gas-only exception do not apply
- **NS-MBS listed entity** → read the specific Section 235 sanctions listed for that entry; do not assume all NS-MBS prohibitions apply equally (*FAQ #869*)

Step 3: Assess Secondary Sanctions Exposure (Non-U.S. Persons)

- **Transaction with LSP-listed entity** → evaluate Section 231 'significant transaction' exposure (State Department determination; no bright-line dollar threshold; **no § 589.413(i) safe harbor**)
- **FFI facilitating transactions for Russian SDN-listed persons** → Section 226 correspondent account sanctions exposure (*FAQ #541*)
- **Any party facilitating significant transactions for Russian-sanctioned persons or their immediate family** → Section 228 exposure; apply 'knowingly' and 'significant transaction' definitions carefully (*FAQ #545*)
- **Safe harbor (Sections 226 and 228 only):** if a U.S. person could participate in the transaction without a specific OFAC license, it is generally not 'significant' for secondary sanctions purposes — but this safe harbor does NOT apply to Section 231 (*FAQ #542*)

Step 4: Check Applicable General Licenses

- For Russia: review current 31 CFR Part 589 GLs and any standalone GLs published since the most recent CFR update
- For North Korea: review 31 CFR Part 510 for all applicable GLs
- For Iran/IRGC: IEEPA exemptions do NOT apply to IRGC/GTSR designees — standard humanitarian and informational materials exemptions are unavailable

14. Key FAQs — Substantive Answers

The following reproduces the operative content of OFAC FAQs cited on the CAATSA program page and linked Russia, Iran, and North Korea pages.

FAQ #533 — CAATSA Section 105 and IRGC Designation

Section 105 required mandatory imposition of E.O. 13224 terrorism sanctions on the IRGC and IRGC officials/agents/affiliates. OFAC designated the IRGC on October 13, 2017, and amended the GTSR on October 31, 2017. The GTSR amendment blocks all foreign persons OFAC identifies as IRGC officials, agents, or affiliates as a class — blocking is effective upon OFAC's identification, not only upon individual designation.

FAQ #534 — Why E.O. 13224 / GTSR Changes the Analysis

The IRGC was already blocked under three prior EOs. The additional E.O. 13224 / GTSR designation removes the standard IEEPA exemptions: personal communications, humanitarian donations,

information/informational materials, and travel exemptions that apply in most OFAC programs are NOT available for transactions with the IRGC or IRGC-affiliated persons blocked under the GTSR.

FAQ #373 — 50% Rule for Directive 1 and 2 SSI Entities

The Directive 1 and Directive 2 prohibitions extend to entities owned 50% or more by one or more SSI Directive 1 or Directive 2 entities, even if the subsidiary is not itself listed on the SSI List.

FAQ #539 — Section 223(a) Does Not Require New Sanctions

Section 223(a) authorizes but does not mandate the imposition of sanctions on additional sectors of the Russian economy. OFAC will not interpret it as a requirement to expand the sectoral sanctions list. Maintaining unity with allies on Russia sanctions is a key U.S. policy consideration.

FAQ #541 — Section 226 FFI Sanction Triggers

FFIs face correspondent/payable-through account sanctions if they knowingly facilitate significant financial transactions for Russian SDN-listed persons (under Ukraine-related EOs), or knowingly engage in significant defense- or energy-related transactions with Directive-listed entities. FFIs are NOT exposed solely for transacting with SSI-listed or NS-MBS-listed persons, unless deceptive practices are involved.

FAQ #542 — 'Significant Transaction' for Section 226

Seven-factor totality-of-circumstances analysis: size/number/frequency, nature, management awareness, nexus to sanctioned person, impact on statutory objectives, deceptive practices, and any other relevant factors. A transaction is NOT significant if U.S. persons could participate without a specific OFAC license (§ 589.413(i) safe harbor). This safe harbor applies to Sections 226 and 228; it does not apply to Section 231.

FAQ #543 — Notification of Section 226 Sanctions

U.S. financial institutions are notified via the Federal Register when Treasury imposes prohibitions or strict conditions on correspondent or payable-through accounts under Section 226.

FAQ #545 — Key Terms Under Section 228 (SSIDES)

'Knowingly' = actual knowledge or should have known. 'Materially violate' = egregious violation under OFAC Enforcement Guidelines. 'Facilitation' = providing assistance from which the sanctioned person derives any particular benefit. 'Significant transaction' = same standard as FAQ #542, including the U.S.-person safe harbor. Deceptive/structured transactions include attempts to obscure parties or evade sanctions.

FAQ #546 — 'Subject to Sanctions' Under Section 228

For Section 228 (SSIDES § 10(a)(2)(A)) purposes, 'subject to sanctions with respect to Russia' includes persons on the SDN List, SSI List, AND NS-MBS List, as well as persons blocked via OFAC's 50% Rule. It is not limited to SDN-listed persons.

FAQ #552 — Section 241 Oligarchs Report

The report is not a sanctions list. Inclusion 'does not, in and of itself, imply, give rise to, or create any restrictions, prohibitions, or limitations on dealings with such persons.' Treasury stated it is being used to inform future sanctions decisions. Enhanced due diligence is appropriate; current transactions are not restricted solely by virtue of list inclusion.

FAQ #627 — Purpose of E.O. 13849

E.O. 13849 provides IEEPA authority to the Secretary of the Treasury to implement CAATSA Title II sanctions, directs U.S. agencies to ensure full implementation, and gives OFAC authority to promulgate

regulations, issue administrative subpoenas, licenses, and take the full range of civil enforcement actions for CAATSA violations.

FAQ #869 — NS-MBS List and the 50% Rule

Non-blocking Section 235 sanctions on the NS-MBS List do NOT extend to entities 50%+ owned by the listed person, unless OFAC separately lists the subsidiary. Only blocking under 235(a)(9) triggers the 50% Rule. An individual sanctioned under 235(a)(12) may be on either list depending on whether blocking was imposed.

FAQ #870 — Section 235(a)(3) Loan Prohibition in Detail

Each U.S. financial institution is independently prohibited from making loans or extending credit to an NS-MBS-listed person totaling more than \$10,000,000 in any 12-month period. The limit is per institution, not a market aggregate. Repayments during the period do not reset the \$10M cap. Exception: loans for activities to relieve human suffering.

15. Official Document Index

Legislation

- CAATSA, P.L. 115-44 (Aug. 2, 2017) — authoritative text
- SSIDES (Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014) — as amended by CAATSA Section 228
- Ukraine Freedom Support Act of 2014 (UFSA) — as amended by CAATSA Section 226
- North Korea Sanctions and Policy Enhancement Act of 2016 (NKSPEA) — as expanded by Title III
- IEEPA, 50 U.S.C. §§ 1701–1706 — underlying authority for most OFAC programs
- National Emergencies Act (NEA), 50 U.S.C. §§ 1601–1651

Executive Orders

- E.O. 13849 (Sept. 20, 2018) — Authorizing Implementation of CAATSA; IEEPA authority for OFAC to promulgate regulations and enforce
- E.O. 13660, 13661, 13662, 13685 — Ukraine-/Russia-related EOs codified by Section 222
- E.O. 13224 (Global Terrorism) — used to designate IRGC pursuant to Section 105

Regulations (CFR)

- 31 CFR Part 589 — Ukraine-/Russia-Related Sanctions Regulations; includes § 589.209 (Section 226), § 589.201(a)(6) (Section 228), and § 589.413 (significant transaction / safe harbor)
- 31 CFR Part 510 — North Korea Sanctions Regulations (all CAATSA Title III GLs included)
- 31 CFR Part 594 — Global Terrorism Sanctions Regulations (GTSR; amended Oct. 31, 2017 to implement Section 105 IRGC-affiliate blocking)

Directives and Key Guidance

- Ukraine-/Russia-related Directive 1 (as amended Sept. 29, 2017) — 14-day debt limit, new equity prohibition, financial sector SSI entities
- Ukraine-/Russia-related Directive 2 (as amended Sept. 29, 2017) — 60-day debt limit, new equity prohibition, energy sector SSI entities
- Ukraine-/Russia-related Directive 4 (as amended Oct. 31, 2017) — global deepwater/Arctic/shale oil services prohibition; financial services excluded; 33% ownership trigger

- Amendment of Global Terrorism Sanctions Regulations (Oct. 31, 2017) — IRGC affiliate blocking; removes IEEPA exemptions
- State Department List of Specified Persons (LSP) — Section 231(d), Oct. 27, 2017; updated periodically; 80+ entries; dealing with LSP entities triggers Section 231 exposure for the counterparty
- Section 241 Report on Oligarchs and Parastatal Entities (Jan. 29, 2018) — not a sanctions list; 210 entries; use as enhanced due diligence trigger only

Sanctions Lists

- SDN List — [CAATSA - RUSSIA] tagged entries; full blocking; 50% Rule applies
- SSI List — Directive 1, 2, 3, 4 entities; targeted debt/equity/services restrictions; 50% Rule applies per FAQ #373
- NS-MBS List — Section 235 non-blocking sanctions; PEESA pipeline entities; 50% Rule does NOT extend non-blocking sanctions to subsidiaries
- Consolidated Sanctions List — sanctionssearch.ofac.treas.gov; searchable; includes SDN, SSI, NS-MBS

Substantive reference guide for sanctions compliance professionals. Not legal advice. Always verify current list status, regulations, GLs, and FAQs at ofac.treasury.gov before making compliance decisions. Content reflects sources as of May 2026.