

# Cuba Sanctions

## Plain-Language Guide for Compliance Professionals

*A practical introduction to U.S. Cuba sanctions for compliance, legal, finance, and operations professionals new to this area*

*Current as of May 2026 | Based on the Cuba Sanctions Practitioner's Reference Guide | Prepared by  
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*This guide is for informational purposes only and does not constitute legal advice. Verify all information against current OFAC publications before use in compliance decisions.*

## 1. What Cuba Sanctions Are and Why They Matter to You

U.S. Cuba sanctions are some of the oldest and most comprehensive economic restrictions in American history, dating back to 1963. In 2026, they became more complex when President Trump added a new layer of sanctions specifically aimed at foreign businesses and banks that support Cuba's military and security apparatus. If your organization does business globally, processes international payments, or works with clients in the Caribbean or Latin America, Cuba sanctions rules are likely to affect you at some point.

Here is a plain-English summary of the two regimes that now exist side by side:

Feature	Detail
Program Name	Cuban Assets Control Regulations (CACR)
Regulations	31 CFR Part 515, in place since 1963
Statutory Authority	Trading with the Enemy Act (TWEA)
Who Must Comply	All U.S. persons and entities, wherever located
Key Prohibition	Virtually all transactions with Cuba and Cuban nationals are prohibited unless licensed
Program Name	E.O. 14404 Cuba Sanctions Program
Regulations	Executive Order, May 1, 2026; implementing regulations forthcoming
Statutory Authority	International Emergency Economic Powers Act (IEEPA)
Who Must Comply	Foreign persons and foreign financial institutions dealing with designated entities
Key Prohibition	Sanctions risk for supporting Cuba's military, intelligence, or security apparatus

This guide explains both regimes in plain language. You do not need a law degree to understand it — but you do need to read it carefully, because Cuba sanctions have some features that work differently from what you might expect if you've only seen other OFAC programs.

### **IMPORTANT UP FRONT: Cuba Sanctions Are Different From Other OFAC Programs**

Cuba sanctions are not like Iran or Russia sanctions, even though all three are administered by OFAC. The CACR blocks ALL Cuban nationals, not just people on a list. A payment to a Cuban national you've never heard of may be prohibited — with no SDN list entry required. E.O. 14404 now adds secondary sanctions risk for foreign banks similar in structure to Iran secondary sanctions. If you're drawing on experience with other programs, read this guide carefully before assuming the same rules apply.

## 2. Essential Concepts

Before diving into the rules, here are the key terms you'll encounter throughout this guide.

### OFAC (Office of Foreign Assets Control)

The U.S. Treasury Department agency ([ofac.treasury.gov](https://ofac.treasury.gov)) that administers economic sanctions programs, including Cuba. OFAC publishes the SDN List, issues licenses, collects penalties, and publishes FAQs and guidance.

### Blocked Person / Asset Freeze

When a person or entity is "blocked," all their property and interests in property in the United States or in the possession of a U.S. person are frozen. No transactions involving that property are permitted without an OFAC license. Under the CACR, ALL Cuban nationals (not just listed ones) and the Government of Cuba are blocked.

### SDN List (Specially Designated Nationals and Blocked Persons List)

The main OFAC list of individuals and entities whose property is blocked and with whom U.S. persons may not transact. Search the SDN List at [sanctionssearch.ofac.treas.gov](https://sanctionssearch.ofac.treas.gov). In the Cuba context, being on the SDN List is the exception, not the rule: the CACR blocks ALL Cuban nationals regardless of list status. The SDN List identifies specific high-priority Cuban entities such as GAESA.

### 50% Rule

Any entity owned 50 percent or more (in the aggregate) by one or more SDN-listed persons is automatically blocked as if it were on the SDN List, even if the entity itself is not listed. IMPORTANT: The 50% Rule applies to the SDN List, NOT to the Cuba Restricted List (see below).

### General License (GL)

A published authorization that allows all persons to conduct certain otherwise-prohibited transactions, as long as they meet all stated conditions. You do not need to apply to OFAC — you rely on the GL yourself. But you must satisfy every condition in the GL; missing one means you are not authorized.

### Specific License

An individual authorization OFAC issues to a specific person or organization for a specific transaction. You must apply for one at the [OFAC License Application Page](#). Specific licenses are not guaranteed and OFAC may deny them.

### Cuba Restricted List (CRL)

A [State Department list](#) of Cuban entities owned or controlled by Cuba's military, intelligence, or security services. Direct financial transactions with CRL-listed entities are prohibited, even under general licenses that would otherwise authorize the transaction. Key example: GAESA (Cuba's military conglomerate). Unlike the SDN 50% Rule, owning or controlling a CRL entity does NOT automatically put subsidiaries on the CRL.

### Secondary Sanctions

Sanctions imposed on non-U.S. persons (foreign banks, foreign businesses) for engaging in certain conduct with a sanctioned country or person, even if the foreign person has no U.S. nexus to the specific transaction. E.O. 14404 introduced Cuba secondary sanctions for foreign financial institutions that conduct "significant transactions" with E.O. 14404-blocked persons.

### Person Subject to U.S. Jurisdiction

Under the CACR, this means: any U.S. citizen or permanent resident (wherever in the world they are); any person physically present in the United States; any U.S.-organized entity (including its foreign branches); and any foreign entity owned or controlled by U.S. persons.

### 3. Why the CACR Is More Restrictive Than Other OFAC Programs

Most OFAC programs work like this: you screen your counterparty against the SDN List and other published lists; if they're not listed, you can generally proceed. Cuba does not work this way.

#### 3.1 All Cuban Nationals Are Blocked — Not Just Listed Ones

The CACR prohibit U.S. persons from engaging in virtually all transactions in which Cuba or a Cuban national has any interest. This means:

**CRITICAL: Clearing the SDN List Is Not Enough for Cuba**

If your customer is a Cuban national or a Cuban-organized entity, the CACR prohibit the transaction even if that person or entity does not appear on the SDN List. Cuba is one of the very few remaining "comprehensive" sanctions programs in the U.S. system. For most other programs (Russia, China, etc.), the SDN List defines who is blocked. For Cuba, all Cuban nationals are blocked by default.

#### 3.2 Why the Law Was Written This Way

The CACR are issued under the Trading with the Enemy Act (TWEA), a World War I-era law that gave the president broad authority to restrict economic dealings with enemy nations. Cuba is the last country still subject to TWEA-based restrictions. When the U.S. broke off relations with Cuba in 1961, the CACR imposed a comprehensive economic embargo that has been maintained ever since, with periodic easing and tightening depending on the current administration.

TWEA operates differently from IEEPA (the law used for Iran, Russia, and most other modern sanctions). TWEA targets the economy of an entire country; IEEPA typically targets specific persons. This is why the CACR block all Cuban nationals rather than just designated individuals.

**KEY COMPLIANCE TAKEAWAY**

The CACR impose a country-level embargo on Cuba — all Cuban nationals are blocked regardless of list status. This is fundamentally different from other OFAC programs where only listed persons are blocked.

## 4. What the New E.O. 14404 Program Adds (May 2026)

On January 29, 2026, President Trump signed E.O. 14380, declaring a national emergency with respect to Cuba. On May 1, 2026, he signed E.O. 14404, building on that emergency to create a new sanctions program. This is the most significant expansion of Cuba sanctions in recent years.

### 4.1 The Short Version: Secondary Sanctions for Foreign Businesses and Banks

[E.O. 14404](#) does something the CACR could not do: it allows the U.S. to sanction foreign companies and banks — not just U.S. persons — for supporting Cuba's military, intelligence, or security apparatus. This is called a "secondary sanctions" program, similar to the Iran secondary sanctions that have been in place since the 2010s.

Before E.O. 14404, a European bank or a Latin American company could do business with Cuba's military without any U.S. sanctions risk (as long as they had no U.S. person involved). That changed on May 1, 2026.

### 4.2 Who Can Be Designated Under E.O. 14404

The [E.O. 14404](#) criteria for designation include any foreign person who:

#### **KEY POINT: Designation Is Not Automatic for Sector Operators**

Operating in one of the five identified sectors (energy, defense, metals/mining, financial services, security) creates RISK of designation — it does not automatically impose sanctions. Your business would need to be specifically identified by the Secretary of the Treasury or State Department. But operating in those sectors is a major red flag for enhanced due diligence. (*Official OFAC Answer: FAQ #1256*)

### 4.3 What Happens to Foreign Banks That Process Payments for Designated Entities

This is the most important part of E.O. 14404 for financial institutions outside the United States.

Section 4 of E.O. 14404 authorizes the U.S. to impose sanctions on any foreign bank (called a "foreign financial institution" or FFI) that conducts or facilitates a "significant transaction" for any entity designated under E.O. 14404. Sanctions on the bank can include:

#### **CRITICAL: No Published Threshold for "Significant Transaction"**

Unlike some other secondary sanctions programs, E.O. 14404 does not publish a dollar amount or other specific threshold defining a "significant transaction." As of May 2026, OFAC has not issued guidance defining significance for this program. Foreign banks cannot assume that small transactions are automatically safe. Until guidance is published, FFIs should treat any transaction involving E.O. 14404-designated entities as posing secondary sanctions risk, regardless of size.

### 4.4 The CACR and E.O. 14404 Run Side by Side

Both programs operate at the same time. The key interactions to know:

#### **SCENARIO: A European Bank Processing Payments for GAESA**

GAESA (Cuba's military conglomerate) was designated under E.O. 14404 on May 7, 2026. Before that date, a European bank could process GAESA-related payments with no U.S. sanctions risk (the CACR applied only to U.S. persons). After May 7, 2026, the same European bank faces secondary sanctions risk if it conducts significant transactions for GAESA or any entity 50% owned by GAESA. A 30-day window to wind down such transactions ended June 5, 2026.

**KEY COMPLIANCE TAKEAWAY**

E.O. 14404 is the most significant expansion of Cuba sanctions in recent years — it extends U.S. secondary sanctions to foreign banks and businesses that support Cuba's military and security apparatus, a risk that did not exist before May 2026.

## 5. What Is Actually Permitted — General Licenses

The CACR permit many specific activities through general licenses. These are published authorizations in the regulations — if you meet all the conditions, you may proceed without asking OFAC for permission. Here are the most important categories.

### 5.1 The 12 Categories of Authorized Travel

Under [31 CFR § 515.560\(a\)](#) (which reflects TSRA), travel-related transactions with Cuba are permitted only for these 12 specific purposes:

#### **WARNING: Tourist Travel Cannot Be Licensed**

Tourist travel to Cuba is not permitted under any general license. OFAC cannot grant a specific license for tourist travel under TSRA. This is a hard prohibition, not a matter of policy preference. A trip that mixes authorized purposes (education, journalism) with tourism must have a full-time schedule of the authorized purpose with no excess free time.

### 5.2 The Cuba Restricted List — How It Limits the General Licenses

Even when you have a valid general license (say, for family travel), that license does not authorize **direct financial transactions** with entities on the [State Department's Cuba Restricted List](#) (the "CRL"). The CRL identifies Cuban entities controlled by the military, intelligence, or security services. (*Official OFAC Answer: FAQ #734*)

In practice: if you're traveling to Cuba under a family visits license and you want to stay at a hotel owned by a CRL-listed entity, the general license does not cover that direct financial transaction with the hotel. You would need to find accommodation that is not CRL-listed, or seek a specific license.

#### **KEY POINT: The 50% Rule Does NOT Apply to the Cuba Restricted List**

A subsidiary or company owned by a CRL-listed entity is NOT automatically on the CRL. The State Department must specifically name the entity for the prohibition to apply. This is the opposite of how the SDN 50% Rule works. (*Official OFAC Answer: FAQ #760*)

### 5.3 Remittances

Sending money to family in Cuba is permitted up to \$1,000 per quarter per sender to a close relative. A separate authorization permits remittances up to \$1,000 per quarter to support civil society. However:

### 5.4 Business and Trade

Most commercial transactions with Cuba remain prohibited. The main exceptions are:

#### **KEY COMPLIANCE TAKEAWAY**

General licenses cover specific categories of activity — travel (12 defined categories only), remittances (with limits), and narrowly defined trade. All GLs remain subject to the Cuba Restricted List prohibition on direct financial transactions.

## 6. The Four Cuba-Related Lists — What Each One Does

Cuba sanctions involve four separate lists you need to know about. They are maintained by OFAC and the State Department, and they do different things.

List	What It Means for You
SDN List (CACR designation)	Cuban nationals and entities specifically targeted, including GAESA. Being on the SDN List under a Cuba program tag means property is blocked and U.S. persons may not transact with them at all. The 50% Rule applies.
SDN List (E.O. 14404 designation)	Foreign persons (not necessarily Cuban) designated under E.O. 14404. Triggers both blocking sanctions for U.S. persons and secondary sanctions risk for foreign banks. GAESA was designated under this authority on May 7, 2026. The 50% Rule applies.
Cuba Restricted List (CRL)	Cuban military, intelligence, and security-affiliated entities, maintained by the State Department. Direct financial transactions with these entities are prohibited, but this prohibition applies alongside general licenses — it restricts otherwise-authorized transactions. The 50% Rule does NOT apply.
Cuba Prohibited Accommodations List	Hotels and properties in Cuba owned by the Cuban government, prohibited officials, or Communist Party members. U.S. persons may not lodge at these properties. Maintained by the State Department.

### **WARNING: You Need to Check All Four Lists**

Clearing the SDN List is not enough. A transaction can be permitted under the CACR's general licenses, not involve anyone on the SDN List, and still be prohibited because a counterparty appears on the Cuba Restricted List. All four lists are relevant to different aspects of Cuba transactions.

### **KEY COMPLIANCE TAKEAWAY**

There are four relevant Cuba lists; the SDN List alone is not sufficient screening. The Cuba Restricted List and Prohibited Accommodations List impose restrictions on otherwise-licensed activities.

## 7. What This Means for Your Organization

### 7.1 If You Are a U.S. Person or U.S.-Organized Entity

The CACR apply to you fully. This means:

### 7.2 If You Are a Non-U.S. Person or Foreign Financial Institution

The CACR generally do not apply to you directly (unless your entity is owned or controlled by a U.S. person). However, E.O. 14404 now creates significant new risk for you if you do business with Cuba-related persons:

### 7.3 For Everyone — Key Practical Steps

#### KEY COMPLIANCE TAKEAWAY

U.S. persons face comprehensive CACR prohibitions; non-U.S. financial institutions face new E.O. 14404 secondary sanctions risk for supporting Cuba's military and security sector. Both programs require active compliance attention.

## 8. Official Answers to Common Questions

### Q: Is it true the U.S. recently added new Cuba sanctions?

**A:** Yes. On May 1, 2026, President Trump signed E.O. 14404, which created a new Cuba sanctions program under IEEPA. This program authorizes secondary sanctions against foreign persons — including foreign financial institutions — that support Cuba's military, intelligence, or security apparatus. The existing CACR remain fully in effect. *(Official OFAC Answer: FAQ #1251)*

### Q: Does E.O. 14404 change the CACR rules I already follow?

**A:** No. All existing CACR prohibitions and authorizations remain in effect. E.O. 14404 is a separate, parallel program. The two regimes function side by side without one overriding the other. *(Official OFAC Answer: FAQ #1252)*

### Q: If I have a CACR general license, do I need additional E.O. 14404 authorization?

**A:** Generally no, for U.S. persons. On May 7, 2026, OFAC issued General License 1, which authorizes all transactions prohibited by E.O. 14404 to the extent those transactions are authorized or exempt under the CACR. So if you're covered by a CACR general or specific license, you don't need a separate E.O. 14404 authorization. *(Official OFAC Answer: FAQ #1253)*

### Q: Is it true I can't use the SDN 50% Rule for the Cuba Restricted List?

**A:** Correct. The 50% Rule does not apply to the Cuba Restricted List. Only entities specifically named on the list are restricted. An entity owned by a CRL-listed entity is not itself restricted unless it is also separately named on the CRL. This is a key difference from SDN List treatment. *(Official OFAC Answer: FAQ #760)*

### Q: Can I license tourist travel to Cuba?

**A:** No. OFAC cannot grant a specific license for tourist travel. The Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) restricts OFAC from authorizing tourist activities in Cuba. Travel for other purposes may be permitted under the 12 authorized categories, but tourism is excluded by law. *(Official OFAC Answer: FAQ #698)*

### Q: Are all entities in Cuba's energy sector automatically sanctioned under E.O. 14404?

**A:** No. Identification of the five sectors (energy, defense, metals/mining, financial services, security) creates risk of sanctions but does not automatically impose them. Only foreign persons specifically determined by the Secretary of the Treasury or the Secretary of State to operate in a designated sector are subject to blocking sanctions. *(Official OFAC Answer: FAQ #1256)*

### Q: If an entity is blocked under the CACR, is it also blocked under E.O. 14404?

**A:** Not automatically. CACR designations and E.O. 14404 designations are separate. For a CACR-blocked entity to also be blocked under E.O. 14404, the Secretary of the Treasury or State Department must make a separate E.O. 14404 determination. The entity's SDN List entry will show which program(s) it is listed under. *(Official OFAC Answer: FAQ #1255)*

## 9. Where to Find Official Information

Resource	What You'll Find There
OFAC Home Page	ofac.treasury.gov — the starting point for all OFAC resources, lists, and guidance
Cuba Sanctions Program Page	Full legal framework, guidance, fact sheets, and document links
SDN List / Sanctions Search	Search for blocked persons and entities by name or other identifiers
Cuba Sanctions FAQs (Topic 1541)	Official OFAC answers to common questions on Cuba sanctions
All OFAC FAQs	Complete database of OFAC's official interpretive positions
OFAC License Application	Apply for a specific license to engage in an otherwise-prohibited transaction
Cuba Restricted List (State Dept.)	State Department list of military-affiliated Cuban entities
E.O. 14404 Full Text	The complete text of the May 1, 2026 executive order
E.O. 14380 Full Text	The January 29, 2026 executive order declaring a national emergency re Cuba
31 CFR Part 515 (CACR)	The full text of the Cuban Assets Control Regulations at eCFR
Cuba-related GL 1	OFAC's May 7, 2026 general license bridging E.O. 14404 and the CACR
OFAC Enforcement Information	Penalty settlements and enforcement actions by year

### Direct Links