

Annual Blocked Property Reports Due to OFAC on September 30

Key Notes:

- U.S. sanctions regulations require persons subject to U.S. jurisdiction to file initial and annual reports on blocked property and rejected transactions with OFAC.
- Annual reports of property blocked from July 1, 2020 to June 30, 2021 must be submitted by September 30, 2021.
- There is no annual reporting requirement for rejected transactions.

On June 21, 2019, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) amended the Reporting, Procedures and Penalties Regulations, 31 C.F.R. Part 501 (RPPR), to require all U.S. persons and persons otherwise subject to U.S. jurisdiction, *not only U.S. financial institutions* as previously required, to file certain reports on blocked property and rejected transactions pursuant to RPPR §§ 501.603 and 604.

Any such person holding property that became blocked between July 1, 2020 and June 30, 2021 must file an annual report with OFAC in compliance with 31 C.F.R. § 501.603(b)(2)(i)–(iii) by **September 30, 2021**.

What Is Blocked Property?

All property and interests in property of any person designated by OFAC to the Specially Designated Nationals and Blocked Entities List (SDN) or any person owned 50% or greater by an SDN entity that is in the United States, comes within the United States or comes within the possession and control of U.S. persons is blocked. Property of persons subject to certain other sanctions may also be blocked

under the terms of the sanctions. U.S. persons are prohibited from directly or indirectly dealing in or with blocked property. Blocked property and interests in property is defined broadly to include not only tangible and intangible property but also accounts payable, invoices, contracts and other intangible items in which a blocked person holds an interest.

Blocked property becomes unblocked only if OFAC issues a specific or general license authorizing its unblocking.

What Is a Rejected Transaction?

A rejected transaction is one that does *not* involve blocked property or interests in property but where processing or engaging in the transaction would nonetheless result in a violation of any OFAC sanctions regulation. For example, many potential transactions with a non-SDN Iranian entity would be treated as rejected rather than blocked.

What Are the Initial Reporting Requirements?

All U.S. persons and persons otherwise subject to U.S. jurisdiction are required to submit an initial report to OFAC within 10 business days of blocking or rejecting a transaction pursuant to RPPR §§ 501.603 and 604. The initial blocked property and rejected transaction reports must include:

1. The name and address of the person holding the blocked property and the name, telephone number and email address of a contact from whom additional information may be obtained.

2. A detailed description of the blocked property or rejected transaction.
3. The associated sanctions target(s) whose involvement in the transaction has resulted in the transaction being rejected or blocked.
4. The date the property was blocked or rejected.
5. The actual, or if unknown, estimated, value of the property or transaction in U.S. dollars.
6. The legal authority or authorities under which the transaction was rejected or blocked.
7. A copy of any payment or transfer instructions, check, letter of credit, accompanying bill of lading, invoice or any other relevant documentation received in connection with any related transaction.

What Are the Annual Reporting Requirements?

An annual report on all blocked property held as of June 30 of the current year must be filed by September 30 of that year. The annual reporting requirement does not include rejected transactions, which are subject only to initial reporting requirements.

The annual report of blocked property must include the same information submitted with the initial blocked property report and listed above as items 1 through 6, except for copies of documents noted in item 7.

How Do I Submit a Report to OFAC?

Initial reports and annual reports may be filed using the OFAC Reporting System (ORS), a publicly accessible electronic reporting platform for submitting reports on blocked property and rejected transactions. To register for access, a filer should email OFACReport@treasury.gov and include the name of the reporting institution and the names and emails of the primary point of contact and any other person authorized to file reports. If the ORS is unavailable, filers must send completed forms (available [here](#)) to OFACReport@treasury.gov.

FOR MORE INFORMATION

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