

SoL Long to Short Limits: The Sequel — A Decade of Recordkeeping and Enforcement

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On July 22, 2024, the Department of Treasury, Office of Foreign Assets Control (OFAC) [announced](#) a significant planned extension to its recordkeeping requirements, which will increase the retention period from five to ten years. OFAC expects to publish an interim final rule to provide an opportunity to comment. The change will increase compliance obligations for entities engaged in transactions subject to U.S. sanctions.

The change will align OFAC regulations with the recently enacted national security law, which extended the statute of limitations (SoL) for sanctions violations under the International Emergency Economic Powers Act (IEEPA) and the Trading with the Enemy Act (TWEA) from five to ten years. We detailed the implications of that extension in our earlier blog post, [Say SoL Long to Short Limits: Doubling Down on the Sanctions Statute of Limitations](#).

Key Takeaways

1. **Extended Recordkeeping Period:** OFAC's change in the recordkeeping requirements will be codified in 31 C.F.R. § 501.601. Among other transaction records, entities will need to retain records related to blocked property transactions or holdings for ten years after the property is unblocked.
- **Time to Prepare.** This new requirement will take effect six months after the rule's publication, which provides time to update compliance policies and procedures.
 - **Broadened Enforcement Window:** The extension of the SoL to ten years allows OFAC and the Department of Justice (DOJ) to pursue enforcement actions for civil violations within ten years of the latest date of the violation. OFAC has clarified that it may commence such an enforcement action so long as the violation occurred after April 24, 2019.^[1]

Overall, OFAC's extension of the recordkeeping requirements is not surprising and provides a more consistent framework for sanctions compliance and enforcement in light of the new law. However, the extension will increase the compliance burden and cost on companies and organizations managing sanctions compliance.

FOOTNOTES

[1] Insert post-*Chevron* gripe on lack of clarity in the regulatory space here...

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