

SIX MONTH PERIODIC REPORT ON THE NATIONAL  
EMERGENCY WITH RESPECT TO IRAN

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MESSAGE

FROM

**THE PRESIDENT OF THE UNITED STATES**

TRANSMITTING

A 6-MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY  
WITH RESPECT TO IRAN THAT WAS DECLARED IN EXECUTIVE  
ORDER 12957 OF MARCH 15, 1995, PURSUANT TO 50 U.S.C. 1641(C)



SEPTEMBER 23, 1999.—Message and accompanying papers referred to the  
Committee on International Relations and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

*To the Congress of the United States:*

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c), I transmit herewith a 6-month periodic report on the national emergency with respect to Iran that was declared in Executive Order 12957 of March 15, 1995.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 23, 1999.*



*President's Periodic Report on the National Emergency  
with respect to Iran*

I hereby report to the Congress on developments concerning the national emergency with respect to Iran that was declared in Executive Order 12957 of March 15, 1995, and matters relating to the measures in that order and in Executive Order 12959 of May 6, 1995, and in Executive Order 13059 of August 19, 1997. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) ("IEEPA"), section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c). This report discusses only matters concerning the national emergency with respect to Iran that was declared in Executive Order 12957 and does not deal with those relating to the emergency declared on November 14, 1979, in connection with the hostage crisis.

1. On March 15, 1995, I issued Executive Order 12957 (60 *Fed. Reg.* 14615, March 17, 1995) to declare a national emergency with respect to Iran pursuant to IEEPA, and to prohibit the financing, management, or supervision by U.S. persons of the development of Iranian petroleum resources. This action was in response to actions and policies of the Government of Iran, including support for international terrorism, efforts to undermine the Middle East peace process, and the acquisition of weapons of mass destruction and the means to deliver them. A copy of the order was provided to Congress by message dated March 15, 1995.

Following the imposition of these restrictions with regard to the development of Iranian petroleum resources, Iran continued to engage in activities that represent a threat to the peace and security of all nations, including Iran's continuing support for international terrorism, its support for acts that undermine the

Middle East peace process, and its intensified efforts to acquire weapons of mass destruction. On May 6, 1995, I issued Executive Order 12959 (60 *Fed. Reg.* 24757, May 9, 1995) to further respond to the Iranian threat to the national security, foreign policy, and economy of the United States. The terms of that order and an earlier order imposing an import ban on Iranian-origin goods and services (Executive Order 12613 of October 29, 1987) were consolidated and clarified in Executive Order 13059 of August 19, 1997.

At the time of signing Executive Order 12959, I directed the Secretary of the Treasury to authorize through specific licensing certain transactions, including transactions by U.S. persons related to the Iran-United States Claims Tribunal in The Hague, established pursuant to the Algiers Accords, and related to other international obligations and U.S. Government functions, and transactions related to the export of agricultural commodities pursuant to preexisting contracts consistent with section 5712(c) of Title 7, United States Code. I also directed the Secretary of the Treasury, in consultation with the Secretary of State, to consider authorizing U.S. persons through specific licensing to participate in market-based swaps of crude oil from the Caspian Sea area for Iranian crude oil in support of energy projects in Azerbaijan, Kazakhstan, and Turkmenistan.

Executive Order 12959 revoked sections 1 and 2 of Executive Order 12613 of October 29, 1987, and sections 1 and 2 of Executive Order 12957 of March 15, 1995, to the extent they are inconsistent with it. A copy of Executive Order 12959 was transmitted to the Congressional leadership by letter dated May 6, 1995.

2. On August 19, 1997, I issued Executive Order 13059 (the "Order") in order to clarify the steps taken in Executive Order 12957 and Executive Order 12959, to confirm that the embargo on Iran prohibits all trade and investment activities by U.S.

persons, wherever located, and to consolidate in one order the various prohibitions previously imposed to deal with the national emergency declared on March 15, 1995. A copy of the Order was transmitted to the Speaker of the House and the President of the Senate by letter dated August 19, 1997.

The Order prohibits (1) the importation into the United States of any goods or services of Iranian origin or owned or controlled by the Government of Iran except information or informational material; (2) the exportation, reexportation, sale, or supply from the United States or by a U.S. person, wherever located, of goods, technology, or services to Iran or the Government of Iran, including knowing transfers to a third country for direct or indirect supply, transshipment, or reexportation to Iran or the Government of Iran, or specifically for use in the production, commingling with, or incorporation into goods, technology, or services to be supplied, transshipped, or reexported exclusively or predominantly to Iran or the Government of Iran; (3) knowing reexportation from a third country to Iran or the Government of Iran of certain controlled U.S.-origin goods, technology, or services by a person other than a U.S. person; (4) the purchase, sale, transport, swap, brokerage, approval, financing, facilitation, guarantee, or other transactions or dealings by U.S. persons, wherever located, related to goods, technology, or services for exportation, reexportation, sale or supply, directly or indirectly, to Iran or the Government of Iran, or to goods or services of Iranian origin or owned or controlled by the Government of Iran; (5) new investment by U.S. persons in Iran or in property or entities owned or controlled by the Government of Iran; (6) approval, financing, facilitation, or guarantee by a U.S. person of any transaction by a foreign person that a U.S. person would be prohibited from performing under the terms of the Order; and

(7) any transaction that evades, avoids, or attempts to violate a prohibition under the Order.

Executive Order 13059 became effective at 12:01 a.m., eastern daylight time on August 20, 1997. Because the Order consolidated and clarified the provisions of prior orders, Executive Order 12613 and paragraphs (a), (b), (c), (d) and (f) of section 1 of Executive Order 12959 were revoked by Executive Order 13059. The revocation of corresponding provisions in the prior Executive orders did not affect the applicability of those provisions, or of regulations, licenses or other administrative actions taken pursuant to those provisions, with respect to any transaction or violation occurring before the effective date of Executive Order 13059. Specific licenses issued pursuant to prior Executive orders continue in effect, unless revoked or amended by the Secretary of the Treasury. General licenses, regulations, orders, and directives issued pursuant to prior orders continue in effect, except to the extent inconsistent with Executive Order 13059 or otherwise revoked or modified by the Secretary of the Treasury.

The declaration of national emergency made by Executive Order 12957, and renewed each year since, remains in effect and is not affected by the Order.

3. On March 10, 1999, I renewed for another year the national emergency with respect to Iran pursuant to IEEPA. This renewal extended the authority for the current comprehensive trade embargo against Iran in effect since May 1995. Under these sanctions, virtually all trade with Iran is prohibited except for trade in information and informational materials and certain other limited exceptions.

4. There have been two amendments to the Iranian Transactions Regulations, 31 CFR Part 560 (the "ITR" or the "Regulations"), since my report of March 16, 1999. On April 26,

1999, the Regulations were amended to implement Executive Order 13059 (64 *Fed. Reg.* 20168, April 26, 1999). A copy of the amendment is attached to this report.

On July 27, 1999, the ITR were amended to add statements of licensing policy with respect to commercial sales of agricultural commodities and products, medicine and medical equipment (64 *Fed. Reg.* 41784, August 2, 1999). A copy of the amendment is attached to this report.

On April 28, 1999, I announced that existing unilateral economic sanctions programs would be amended to modify licensing policies to permit case-by-case review of specific proposals for the commercial sale of agricultural commodities and products, as well as medicine and medical equipment, where the United States Government has the discretion to do so. I further announced that the Administration was developing country-specific licensing criteria to guide the case-by-case review process so that governments subject to sanctions do not gain unwarranted benefits from such sales.

The amended ITR deal with commercial sales to Iran of agricultural commodities and products intended for ultimate consumption in Iran as food by humans (including live animals, raw, processed, and packaged foods) or animals (including animal feeds); as seeds for food crops; or as reproductive materials (such as live animals, fertilized eggs, embryos, and semen) for the production of food animals. The amended Regulations also deal with commercial sales of medicines (including those administered by injection) and medical equipment for use in Iran, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR 99), as of the date of exportation or reexportation (section 560.530(a)).

The amendments authorize two tracks for commercial sales of these goods. First, a general license permits sellers to negotiate and sign executory contracts for commercial sales and exportation or reexportation of any of these agricultural or medical items to Iran or the Government of Iran. Performance under such executory contracts must be made contingent upon receipt of an OFAC specific license. OFAC may authorize its performance by issuance of a specific license where OFAC finds the contract terms consistent with the licensing policy articulated in the amended Regulations (section 560.530).

Second, persons wishing to make commercial sales of certain bulk agricultural commodities to Iran or the Government of Iran may apply for specific licenses that permit the future entry into and performance of contracts for those commodities. OFAC will issue a specific license for the proposed bulk agricultural commodity sales and exportation and reexportation if it finds the proposal set forth in the application consistent with the licensing policy articulated in the amended Regulations (section 560.531 and Appendix B). In either case, all sales to Iran or the Government of Iran must comply with a series of requirements intended to ensure that such sales do not improperly benefit the Government of Iran.

Contracts for commercial sales licensed pursuant to the amended ITR must comply with the following conditions. The contracts must disclose the purchasers, including (for sales through persons in third countries) those to whom goods are to be resold, which may only be (1) private individuals in Iran who are acting for their own accounts, (2) nongovernmental entities in Iran, (3) Iranian governmental procurement agencies identified by OFAC as not being affiliated with the coercive organs of the state, or (4) persons in third countries purchasing specifically for resale to any of the foregoing. (A listing of the procurement bodies identified by OFAC as not being affiliated

with the coercive organs of the state can be found on OFAC's Web site at <http://www.treas.gov/OFAC> or OFAC's fax-on-demand service at 202/622-0077.) Persons named in OFAC's list of blocked persons, specially designated nationals, specially designated terrorists, foreign terrorist organizations, and specially designated narcotics traffickers (31 CFR chapter V, appendix A) or financial institutions owned or controlled by the Government of Iran (ITR appendix A) are not eligible purchasers. All contracts must also provide for sales at prevailing market prices and with payment terms and financing consistent with the policies set forth below (sections 560.530 and 560.531(b)).

In addition to the general contract requirements set forth above, executory contracts submitted to OFAC for specific licensing must disclose all parties with an interest in the sales transaction, including identification of a purchasing agent's principals at the wholesale level, if any; set forth all terms of the sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date OFAC issues a specific license; and ensure that exports and reexports of any goods, technology, or services are in compliance with license application requirements of other Federal agencies (section 560.530(b)).

Contracts entered into pursuant to an OFAC specific license for bulk agricultural commodity sales must meet all of the general contract requirements and may only cover commercial sales of the bulk agricultural commodities listed in Appendix B of the amended Regulations (section 560.531(b)(1)).

Certain payment and financing terms for commercial sales of agricultural or medical items to Iran or the Government of Iran are authorized by general license. These include payment of cash in advance, sales on open account (so long as the seller does not discount or otherwise transfer the account receivable created by the sales), and financing by third-country financial institutions

(not U.S. persons or Iranian government banks). U.S. financial institutions are authorized by general license to advise or confirm such third-country financial institution financing (section 560.532(a)). In addition, specific licenses may be issued for payment terms and trade financing not permitted by general license (section 560.532(b)). Payments through the U.S. banking system must reference the applicable OFAC license to avoid being stopped or blocked in transit.

The amended Regulations permit, by general license, U.S. persons to broker sales of bulk agricultural commodities by U.S. persons destined for Iran or the Government of Iran. For those sales, brokerage is authorized only if the sales meet all applicable requirements of the amended ITR for bulk agricultural commodity sales. To broker sales of bulk agricultural commodities by non-U.S. persons to Iran or the Government of Iran the broker must first obtain a specific license from OFAC. Licenses for brokerage are limited to sales items listed in Appendix B of the amended ITR made to persons eligible to purchase bulk agricultural commodities from U.S. persons pursuant to section 560.531. Further, if the brokered sales are subject to Federal licensing requirements, the sales must be made contingent upon prior authorization of the relevant Federal agency. Brokerage fees may not be paid from an Iranian account as defined in 31 CFR 560.530. Finally, brokers of any sales subject to the amended Regulations must comply with OFAC recordkeeping and reporting requirements described below (section 560.533).

Section 560.405 of the amended ITR permits most transactions incidental to licensed transactions. However, the following are not interpreted as permitted incidental transactions: transportation services to or from Iran except the discharging of licensed or exempt cargo; distribution or leasing of containers in Iran after performing transportation services; or financing

agricultural and medical sales described in the amended Regulations. Travel-related transactions are not restricted by the amended ITR.

5. During the current six-month period, the Department of the Treasury's Office of Foreign Assets Control ("OFAC") made numerous decisions with respect to applications for licenses to engage in transactions under the ITR, and issued 17 licenses. The majority of denials were in response to requests to authorize commercial exports to Iran -- particularly of machinery and equipment for various industries -- and the importation of Iranian-origin goods. Seven licenses were issued authorizing commercial sales and exportation to Iran of bulk agricultural commodities and one authorized the transshipment through Iran of oil-drilling equipment destined for Azerbaijan. Other licenses that were issued authorized certain administrative, legal, and financial transactions, film-making and journalistic activities, and the importation of art objects for public exhibition. Pursuant to Sections 3 and 4 of Executive Order 12959, Executive Order 13059, and consistent with statutory restrictions concerning certain goods and technology, including those involved in air safety cases, Treasury continues to consult with the Departments of State and Commerce prior to issuing licenses.

For the period March 15 to September 14, 1999, on OFAC's instructions, U.S. banks refused to process approximately 800 commercial transactions, the majority involving foreigners, that would have been contrary to U.S. sanctions against Iran. The transactions rejected amounted to nearly \$110 million worth of business denied Iran by virtue of U.S. economic sanctions.

Since my last report, OFAC has collected more than \$31,800 in civil monetary penalties from one U.S. financial institution, four companies, and five individuals for violations of IEEPA and the Regulations.

6. As noted in my last report, a trial date was expected in March 1999 for a Wisconsin corporation and two of its officers who were indicted in October 1998 for transactions relating to the illegal exportation of U.S.-origin aircraft parts to Iran. A trial date is now expected for sometime in October 1999. Trial has not yet been held with respect to the Georgia corporation and two officers indicted in December 1998 for transactions relating to the illegal exportation of automobile parts to Iran. On March 3, 1999, an individual was indicted by the U.S. District Court, Eastern District of Michigan, for the importation of eleven bales of Iranian carpets. Trial is scheduled for September 21, 1999.

The U.S. Customs Service has continued to effect numerous seizures of Iranian-origin merchandise, primarily carpets, for violation of the import prohibitions of the ITR. Various enforcement actions carried over from previous reporting periods are continuing and new reports of violations are being aggressively pursued.

7. The expenses incurred by the Federal Government in the six-month period from March 15 through September 14, 1999, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iran are reported to be approximately \$1.2 million, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near Eastern Affairs, the Bureau of Intelligence and Research, and the Office of the Legal Adviser), and the Department of Commerce (the Bureau of Export Administration and the General Counsel's Office).

8. The situation reviewed above continues to present an extraordinary and unusual threat to the national security, foreign policy, and economy of the United States. The declaration of the national emergency with respect to Iran contained in Executive Order 12957 and the comprehensive economic sanctions imposed by Executive Order 12959 underscore the United States Government's opposition to the actions and policies of the Government of Iran, particularly its support of international terrorism and its efforts to acquire weapons of mass destruction and the means to deliver them. The Iranian Transactions Regulations issued pursuant to Executive Orders 12957, 12959, and 13059 continue to advance important objectives in promoting the nonproliferation and anti-terrorism policies of the United States. I shall exercise the powers at my disposal to deal with these problems and will report periodically to the Congress on significant developments.

limitations on the use of certain losses and deductions.

**DATES:** This correction is effective July 2, 1999.

**FOR FURTHER INFORMATION CONTACT:** Jeffrey L. Vogel or Marie Milnes-Vasquez at (202) 622-7770 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

The final regulations that are subject to these corrections are under section 1502 of the Internal Revenue Code.

**Need for Correction**

As published, final regulations (TD 8823) contains errors that may prove to be misleading and are in need of clarification.

**Correction of Publication**

Accordingly, the publication of the final regulations (TD 8823), which were the subject of FR Doc. 99-16161, is corrected as follows:

1. On page 36095, column 3, in the preamble under the heading, *Built-in Losses*, line 2 from the bottom of the paragraph, the language "latter or the SRLY event or section 382" is corrected to read "latter of the SRLY event or section 382".

**§ 1.1502-15 [Corrected]**

2. On page 36103, column 1, § 1.1502-15(d), paragraph (i) of Example 3, line 3, the language "M are each common parents of a" is corrected to read "M are each the common parent of a".

3. On page 36103, column 3, § 1.1502-15(d), paragraph (vii) of Example 4, lines 6 and 7, the language "determining the SRLY limitation for these additional losses in Year 4 (or any)" is corrected to read "determining the SRLY limitation for this additional loss in Year 4 (or any)".

4 & 5. On page 36104, column 3, § 1.1502-15, paragraphs (g)(4)(i) and (g)(4)(ii) are corrected to read as follows:

**§ 1.1502-15 SRLY limitation on built-in losses.**

(g) \* \* \* \* \*

(4) \* \* \*

(i) All members of the SRLY subgroup with respect to those built-in losses are also included in a loss subgroup (as defined in § 1.1502-91(d)(2)); and

(ii) All members of a loss subgroup (as defined in § 1.1502-91(d)(2)) are also members of a SRLY subgroup with respect to those built-in losses.

6. On page 36105, column 1, § 1.1502-15(g)(6), paragraph (v) of

Example 1, the last line in the paragraph, the language "and the application of the section 382." is corrected to read "and the application of section 382."

7. On page 36105, column 1, § 1.1502-15(g)(6), paragraph (ix) of Example 1, the last line in the paragraph, the language "recognized with the recognition period." is corrected to read "recognized within the recognition period."

**§ 1.1502-21 [Corrected]**

8. On page 36109, column 2, § 1.1502-21(c)(2), line 13 from the bottom of the introductory text, the language "(the former group), or for a carryover" is corrected to read "(the former group), whether or not the group is a consolidated group, or for a carryover".

9. On page 36110, column 1, § 1.1502-21(c)(2)(viii), paragraph (i) of Example 1, lines 2 and 3, the language "S, T and M, P and M are each common parents of a consolidated group. During Year" is corrected to read "S, T, and M, P and M are each the common parent of a consolidated group. During Year".

10. On page 36110, column 3, § 1.1502-21(c)(2)(viii), paragraph (i) of Example 2, lines 2 and 3, the language "of the stock of S, T, P and M, P and M are each common parents of a consolidated" is corrected to read "of the stock of S, T, P, and M, P and M are each the common parent of a consolidated".

11. On page 36111, column 1, § 1.1502-21(c)(2)(viii), paragraph (i) of Example 3, lines 2 and 3, the language "the stock of S, T, P and M, S, P and M are each common parents of a consolidated" is corrected to read "the stock of S, T, P, and M, S, P, and M are each the common parent of a consolidated".

12. On page 36112, column 3, § 1.1502-21(g)(5), paragraph (i) of Example 4, line 3, the language "for 6 years. For Year 6, T has a net operating" is corrected to read "for 6 years. For Year 6, T has a net operating".

13. On page 36112, column 3, § 1.1502-21(g)(5), paragraph (i) of Example 5, line 5, the language "unrelated to A, owns all of the stock of P, the" is corrected to read "unrelated to individual A, owns all of the stock of P, the".

14. On page 36113, column 3, § 1.1502-21(g)(5), paragraph (i) of Example 9, line 11, the language "Individual A. On January 1 of Year 3, M" is corrected to read "Individual A. On December 31 of Year 2, M".

15. On page 36113, column 3, § 1.1502-21(g)(5), paragraph (iii) of Example 9, lines 1 through 3, the language "M's January 1 purchase of 51% of P is a section 382 event because it results in an ownership change of S and T that gives rise" is corrected to read "M's December 31 purchase of 51% of P is a section 382 event because it results in an ownership change of the S loss subgroup that gives rise".

16. On page 36113, column 3, § 1.1502-21(g)(5), paragraph (v) of Example 9, lines 1 through 3, the language "Because the SRLY event and the change date of the section 382 event occur on the same date and the SRLY subgroup and loss" is corrected to read "Because the SRLY event occurred within six months of the change date of the section 382 event and the SRLY subgroup and loss".

**1.1502-23 [Corrected]**

17. On page 36116, column 1, § 1.1502-23(d)(1), second line from the bottom of the paragraph, the language "consolidated return is taxable years is" is corrected to read "consolidated return is".

Cynthia E. Grigsby, Chief, Regulations Unit, Assistant Chief Counsel (Corporate).

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**DEPARTMENT OF THE TREASURY**

**Office of Foreign Assets Control**

31 CFR Parts 538, 550 and 560

**Sudanese Sanctions Regulations; Libyan Sanctions Regulations; Iranian Transactions Regulations; Licensing of Commercial Sales of Agricultural Commodities and Products, Medicine, and Medical Equipment**

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Final rule; amendments.

**SUMMARY:** The Treasury Department is amending the Sudanese Sanctions Regulations, the Libyan Sanctions Regulations, and the Iranian Transactions Regulations to add statements of licensing policy with respect to commercial sales of agricultural commodities and products, medicine, and medical equipment.

**EFFECTIVE DATE:** JULY 27, 1999.  
**FOR FURTHER INFORMATION CONTACT:** Steven I. Pinter, Chief of Licensing (tel.: 202/622-2480) or William B. Hoffman, Chief Counsel (tel.: 202/622-2410), Office of Foreign Assets Control, U.S.

Treasury Department, Washington, DC 20220.

**SUPPLEMENTARY INFORMATION:**

**Electronic and Facsimile Availability**

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**Background**

On April 28, 1999, President Clinton announced that existing unilateral economic sanctions programs would be amended to modify licensing policies to permit case-by-case review of specific proposals for the commercial sale of agricultural commodities and products, as well as medicine and medical equipment, where the United States Government has the discretion to do so. He further announced that the Administration was developing country-specific licensing criteria to guide the case-by-case review process so that governments subject to sanctions do not gain unjustified or unwarranted benefits from such sales. To implement this policy, the Treasury Department's Office of Foreign Assets Control ("OFAC") is amending the Sudanese Sanctions Regulations, 31 CFR part 538 (the "SSR"), the Libyan Sanctions Regulations, 31 CFR part 550 (the "LSR"), and the Iranian Transactions Regulations, 31 CFR part 560 (the "ITR") (collectively, the "Regulations"), to make available both general and

specific licenses governing commercial sales of such goods.

This final rule deals with commercial sales to Sudan, Libya and Iran (the "target countries") of agricultural commodities and products intended for ultimate consumption in a target country as food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds); as seeds for food crops; or as reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals. It also deals with commercial sales of medicines (including those administered by injection) and medical equipment for use in the target countries, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR 99), as of the date of exportation or reexportation. Regulations, §§ 538.523(a), 550.569(a) and 560.530(a).

**Licensing of commercial sales.** The amendments authorize two tracks for commercial sales of these goods. First, an OFAC general license permits sellers to negotiate and sign executory contracts for commercial sales and exportation or reexportation of any of these agricultural or medical items to the target countries or their governments. Performance under such executory contracts must be contingent upon receipt of an OFAC license. After review of an executory contract, OFAC may authorize its performance by specific license where OFAC finds the contract terms consistent with the licensing policy in this final rule. Regulations, §§ 538.523, 550.569 and 560.530. Second, persons wishing to make commercial sales of certain bulk agricultural commodities to the target countries or their governments may apply for specific licenses that permit future entry into and performance of contracts for those commodities. OFAC will issue a specific license for the proposed bulk agricultural commodity sales and exportation and reexportation if it finds the proposal set forth in the application consistent with the licensing policy in this final rule. Regulations, § 538.524 and SSR, appendix A; § 550.570 and LSR, appendix A; § 560.531 and ITR, appendix B. In either case, all sales to the target countries must comply with a series of requirements intended to ensure that such sales do not improperly benefit the target countries' governments.

**Required contract terms for executory contracts.** In addition to the

requirements set forth below in *Required contract terms in general*, executory contracts submitted to OFAC for specific licensing must disclose all parties with an interest in the sales transaction, including identification of a purchasing agent's principals at the wholesale level, if any; set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date OFAC issues a specific license; and ensure that exports and reexports of any goods, technology or services are in compliance with license application requirements of other Federal agencies. Regulations, §§ 538.523(b), 550.569(b) and 560.530(b).

**Required contract terms for bulk agricultural commodities contracts.** Contracts entered into pursuant to an OFAC specific license for bulk agricultural commodity sales must meet all of the requirements set forth below in *Required contract terms in general*, and may only cover commercial sales of the bulk agricultural commodities listed in the appendices to the Regulations. Regulations, §§ 538.524(b)(1), 550.570(b)(1) and 560.531(b)(1).

**Required contract terms in general.** Contracts for commercial sales licensed pursuant to this final rule must, in addition to the applicable requirements noted above, comply with the following conditions. The contracts must disclose the purchasers, including (for sales through persons in third countries) those to whom goods are to be resold, which may only be (1) private individuals in the target countries who are acting for their own accounts, (2) nongovernmental entities in the target countries, (3) target-country governmental procurement bodies identified by OFAC as not being affiliated with the coercive organs of the state, or (4) persons in third countries purchasing specifically for resale to any of the foregoing. (A listing of the procurement bodies identified by OFAC as not being affiliated with the coercive organs of the state can be found on OFAC's Web site at http://www.treas.gov/ofac or OFAC's fax-on-demand service at 202/622-0077.) Persons named in OFAC's list of blocked persons, specially designated nationals, specially designated terrorists, foreign terrorist organizations, and specially designated narcotics traffickers (31 CFR chapter V, appendix A) or of financial institutions owned or controlled by the government of Iran (ITR, appendix A) are not eligible purchasers. All contracts must also provide for sales at prevailing market

prices and with payment terms and financing consistent with the policies set forth below in *Payment and financing terms*. Regulations, §§ 538.523 and 538.524(b); 550.569 and 550.570(b); 560.530 and 560.531(b).

**Recordkeeping and reporting requirements.** In addition, full records of all transactions pursuant to OFAC licenses must be maintained for a minimum of 5 years after each transaction, and reports relating to the transactions must be provided to OFAC upon demand to ensure compliance with all licensing requirements. Regulations, §§ 538.523(e), 538.524(c); 550.569(e), 550.570(c); 560.530(e), 560.531(c); 501.601 and 501.602.

**Payment and financing terms.** Certain payment and financing terms for commercial sales of agricultural or medical items to the target countries or their governments are authorized by general license. These include payment of cash in advance, sales on open account (so long as the seller does not discount or otherwise transfer the account receivable created by the sale), and financing by third-country financial institutions (not U.S. persons nor target-country government banks). U.S. financial institutions are authorized by general license to advise or confirm such third-country financial institution financing. Regulations, §§ 538.525(a), 550.571(a) and 560.532(a). In addition, specific licenses may be issued for payment terms and trade financing not permitted by general license. Regulations, §§ 538.525(b), 550.571(b) and 560.532(b). Payments through the U.S. banking system must reference the applicable OFAC license to avoid being stopped or blocked in transit.

**Brokering of target country purchases.** This final rule permits, by general license, U.S. persons to broker sales of bulk agricultural commodities by U.S. persons destined for the target countries or their governments. For those sales, brokerage is authorized only if the sales meet all applicable requirements of this final rule for bulk agricultural commodity sales. To broker sales of bulk agricultural commodities by non-U.S. persons to the target countries or their governments, the broker must first obtain a specific license from OFAC. Licenses for brokerage are limited to sales of items listed in the bulk agricultural commodities appendices to the Regulations made to target country persons eligible to purchase bulk agricultural commodities from U.S. persons pursuant to paragraphs (b)(2) and (e) of §§ 538.524, 550.570 and 560.531 of the Regulations. Further, if the brokered sales are subject to Federal

licensing requirements, the sales must be made contingent upon prior authorization of the relevant Federal agency. Brokerage fees may not be paid from a blocked account of the Government of Sudan or Libya or from an Iranian account as defined in 31 CFR 560.530. Finally, brokers of any sales subject to this final rule must comply with the OFAC recordkeeping and reporting requirements in §§ 501.601 and 501.602 of 31 CFR chapter V. Regulations, §§ 538.526, 550.572 and 560.533.

**Incidental transactions.** The SSR are interpreted to permit most transactions incidental to licensed transactions. SSR, § 538.405. This final rule amends the LSR and ITR to provide similar interpretations to that of the SSR, and to clarify in all three provisions that OFAC does not interpret the following as permitted incidental transactions: transportation services to or from the target countries except the discharging of licensed or exempt cargo; distribution or leasing of containers in the target countries after performing transportation services; or financing agricultural and medical sales described in this final rule. Regulations, §§ 538.405, 550.405 and 560.405. (General licenses for certain financing terms and statements of licensing policy with respect to alternative terms are noted above.) Travel-related transactions are not restricted in the SSR or ITR. This final rule amends the LSR to authorize travel-related transactions for the negotiation of executory contracts or bulk agricultural commodity contracts. Specific licensing is required for installation and servicing of medical equipment sold to Libya pursuant to executory contracts. LSR, § 550.573.

#### Paperwork Reduction Act

As authorized in the Administrative Procedure Act (5 U.S.C. 553) (the "APA"), this final rule is amending the Regulations is being issued without prior notice and public comment procedure. The collections of information related to the Regulations are contained in 31 CFR part 501 (the "Reporting and Procedures Regulations"). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget ("OMB") under control number 1505-0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

Because the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the APA requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

#### List of Subjects

##### 31 CFR Part 538

Administrative practice and procedure, Agricultural commodities, Banks, banking, Blocking of assets, Drugs, Exports, Foreign trade, Humanitarian aid, Imports, Medical devices, Penalties, Reporting and recordkeeping requirements, Specially designated nationals, Sudan, Terrorism, Transportation.

##### 31 CFR Part 550

Administrative practice and procedure, Agricultural commodities, Banks, banking, Blocking of assets, Drugs, Exports, Foreign investment, Foreign trade, Government of Libya, Imports, Libya, Loans, Medical devices, Penalties, Reporting and recordkeeping requirements, Securities, Services, Specially designated nationals, Terrorism, Travel restrictions.

##### 31 CFR Part 560

Administrative practice and procedure, Agricultural commodities, Banks, banking, Drugs, Exports, Foreign trade, Imports, Information, Investments, Iran, Loans, Medical devices, Penalties, Reporting and recordkeeping requirements, Services, Specially designated nationals, Terrorism, Transportation.

For the reasons set forth in the preamble, 31 CFR parts 538, 550 and 560 are amended as set forth below:

#### ART 538—SUDANESE SANCTIONS REGULATIONS

1. The authority citation for part 538 continues to read as follows:

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230.

#### Subpart D—Interpretations

2. Section 538.405 is revised to read as follows:

**§ 538.405 Transactions incidental to a licensed transaction authorized.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Sudanese governmental entity or involving a debit to a blocked account or a transfer of blocked property not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Sudan not explicitly authorized in or pursuant to this part other than discharging licensed or exempt cargo there;

(c) Distribution or leasing in Sudan of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Sudan; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine, or medical equipment to Sudan or the Government of Sudan. See § 538.525.

**Subpart E—Licenses, Authorizations, and Statements of Licensing Policy**

3. Section 538.523 is added to subpart E to read as follows:

**§ 538.523 Commercial sales and exportation of agricultural commodities and products, medicine, and medical equipment.**

(a) *General license for executory contracts.* Except as provided in paragraph (c) of this section, entry into executory contracts is authorized for the following transactions with individuals in Sudan acting for their own account, nongovernmental entities in Sudan, or procurement bodies of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or with persons in third countries purchasing specifically for resale to any of the foregoing, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

(i) The sale of agricultural commodities and products, if those commodities and products are intended for ultimate consumption in Sudan as:

(i) Food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds);

(ii) Seeds for food crops; and

(iii) Reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals; and

(2) The sale of medicines (including those administered by injection) and

medical equipment for use in Sudan. If those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR99), as of the date of exportation or reexportation. (EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10.)

Note to paragraph (a) of § 538.523. See § 538.524 with respect to the availability of specific licenses for sales of certain bulk agricultural commodities for exportation or reexportation to Sudan or the Government of Sudan.

(b) *Required terms of executory contracts.* The authorization contained in paragraph (a) of this section applies only to executory contracts that:

(1) Disclose all parties with an interest in the sales transaction. If the goods are being sold to a purchasing agent in Sudan, the executory contract must identify the agent's principals at the wholesale level for whom the purchase is being made;

(2) Provide only for sales at prevailing market prices;

(3) Set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date a specific license pursuant to paragraph (d) of this section is obtained from the Office of Foreign Assets Control;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 538.525.

(c) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to part 560 of this chapter, other than a procurement body of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (c) of § 538.523. Information on ineligible purchasers and eligible procurement bodies will be published in the Federal Register and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system: 202/522-0077.

(d) *Specific licenses for performance under executory contracts.* Specific licenses may be issued on a case-by-case basis to permit the performance of executory contracts meeting the requirements of paragraphs (a) and (b) of this section. See § 501.801(b) of this chapter with respect to specific licensing procedures.

(e) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

4. Section 538.524 is added to subpart E to read as follows:

**538.524 Commercial sales and exportation of certain bulk agricultural commodities.**

(a) *Sales of bulk agricultural commodities by licensed sellers.* Specific licenses may be issued on a case-by-case basis to permit the sale and exportation or reexportation to persons in Sudan or the Government of Sudan of bulk agricultural commodities intended for ultimate consumption in Sudan as food by humans or animals (including animal feeds) and seeds for food crops, for sales meeting all requirements of paragraph (b) of this section.

(b) *Required contract terms for commercial sales of bulk agricultural commodities.* Specific licenses issued pursuant to this section will authorize entry into and performance only of contracts that:

(1) Provide for the sale and exportation or reexportation only of bulk agricultural commodities listed in appendix A to this part 538;

(2) Fully identify the purchasers of the bulk agricultural commodities, including (for sales through persons in third countries) those to whom the commodities are to be resold, and do not include as a purchaser any person in Sudan or any person within the definition of the term Government of Sudan other than:

(i) A private individual in Sudan acting for his or her own account;

(ii) A nongovernmental entity in Sudan; or

(iii) A procurement body of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state;

(3) Provide only for sales at prevailing market prices;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 538.525.

(c) **Recordkeeping and reporting requirements.** Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

(d) **Other commodities and products.** Requests may be made to the Office of Foreign Assets Control for specific licenses analogous to those available pursuant to paragraph (a) of this section where the applicant demonstrates to the satisfaction of the Office of Foreign Assets Control that, in light of industry practices, sales of the particular agricultural commodity or product, medicine, or medical equipment are impracticable under the executive contract licensing procedures contained in § 538.523.

(e) **Ineligible purchasers.** Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to part 560 of this chapter, other than a procurement body of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (e) of § 538.524. Information on ineligible purchasers and eligible procurement bodies will be published in the Federal Register and may be found on the Office of Foreign Assets Control's internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system: 202/622-0077.

5. Section 538.525 is added to subpart E to read as follows:

**§ 538.525 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.**

(a) **General license for payment terms.** The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment pursuant to §§ 538.523 and 538.524 are authorized:

(1) Payment of cash in advance;

(2) Sales on open account, provided that the account receivable may not be

transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Sudan entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) **Specific licenses for alternate payment terms.** Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 538.523 and 538.524, except that such financing may not be provided by the Government of Sudan. See § 501.601(b) of this chapter for specific licensing procedures.

(c) **No debits to blocked accounts.** Nothing in this section authorizes payment terms or trade financing involving a debit to an account of the Government of Sudan blocked pursuant to this part.

(d) **Transfers through the U.S. financial system.** Before a United States financial institution initiates a payment on behalf of any customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States financial institution must determine that the underlying transaction is not prohibited by this part. Any payment relating to a transaction authorized in or pursuant to § 538.523, 538.524, or 538.526 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the blocking or rejection of the transfer.

6. Section 538.526 is added to subpart E to read as follows:

**§ 538.526 Brokering sales of bulk agricultural commodities.**

(a) **General license for brokering sales by U.S. persons.** United States persons are authorized to broker the sale and exportation or reexportation by United States persons of the bulk agricultural commodities listed in appendix A to this part 538 to individuals in Sudan acting for their own account, nongovernmental entities in Sudan, procurement bodies of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or persons in third countries purchasing specifically for resale to any of the foregoing, provided that the brokered sales meet all conditions of § 538.524.

(b) **Specific licensing for brokering sales by non-U.S. persons.** Specific licenses may be issued on a case-by-case basis to permit United States

persons to broker the sale and exportation or reexportation of bulk agricultural commodities by non-United States persons to persons in Sudan or the Government of Sudan. Specific licenses issued pursuant to this section will authorize the brokerage only of sales that:

(1) Are limited to the bulk agricultural commodities listed in appendix A to this part 538;

(2) Are to purchasers permitted pursuant to paragraphs (b)(2) and (e) of § 538.524;

(3) Require that any performance that is subject to license application requirements of another Federal agency be contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) **No debit to blocked accounts.** Payment for any brokerage fee earned pursuant to this section may not involve a debit to an account blocked pursuant to this part.

(d) **Recordkeeping and reporting requirements.** Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

7. Appendix A to part 538 is added to read as follows:

**Appendix A to Part 538—Bulk Agricultural Commodities**

Notes:

1. Appendix A sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 538.524.

2. Commodities are identified by their classification numbers in the Harmonized Tariff Schedule of the United States (see 19 U.S.C. 1202) ("HTS").

| HTS Number | Commodity                                                                                                                                                                     |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1001.10    | Durum Wheat                                                                                                                                                                   |
| 1001.90    | Other Wheat and Meslin, including seed, Red Spring Wheat, White Winter Wheat, "Canadian" Western Red Winter Wheat, Soft White Spring Wheat, and Wheat not elsewhere specified |
| 1101.00    | Wheat or Meslin Flour                                                                                                                                                         |
| 1006.10    | Rice in the husk (paddy or rough)                                                                                                                                             |
| 1006.20    | Husked (brown) Rice                                                                                                                                                           |
| 1006.30    | Semi-milled or wholly milled Rice, whether or not polished or glazed                                                                                                          |

| HTS Number | Commodity                                                                                                   |
|------------|-------------------------------------------------------------------------------------------------------------|
| 1006.40    | Broken Rice                                                                                                 |
| 1102.30    | Rice Flour                                                                                                  |
| 1103.14    | Rice Groats, Meal and Pellets                                                                               |
| 1002.00    | Rye                                                                                                         |
| 1003.00    | Barley                                                                                                      |
| 1004.00    | Oats                                                                                                        |
| 1007.00    | Grain Sorghum                                                                                               |
| 1005.00    | Corn (Maize)                                                                                                |
| 0713.31    | Dried Beans including <i>Vigna mungo</i> (L.), <i>Hepper</i> , and <i>Vigna radiata</i> (L.) <i>Wiczeik</i> |
| 0713.32    | Small red (edouk) beans                                                                                     |
| 0713.33    | Kidney beans, including white pea beans                                                                     |
| 0713.39    | Beans, other                                                                                                |
| 0713.50    | Broad beans and horse beans                                                                                 |
| 0713.10    | Dried Peas ( <i>Pisum sativum</i> )                                                                         |
| 0713.20    | Chickpeas ( <i>garbanzo</i> )                                                                               |
| 0713.40    | Lentils                                                                                                     |
| 0713.90    | Dried leguminous vegetables, shelled, not elsewhere specified                                               |
| 1201.00    | Soybeans, whether or not broken                                                                             |
| 2304.00    | Soybean cake, meal and pellets                                                                              |
| 1507.10    | Soybean oil, crude                                                                                          |
| 1507.90    | Soybean oil, other                                                                                          |
| 1514.10    | Rapeseed, coza and mustard oil, crude                                                                       |
| 1514.90    | Rapeseed, coza and mustard oil, other                                                                       |
| 1515.21    | Corn (Maize) oil, crude                                                                                     |
| 1515.29    | Corn (Maize) oil, other                                                                                     |
| 1512.21    | Cottonseed oil, crude                                                                                       |
| 1512.29    | Cottonseed oil, other                                                                                       |
| 1517.90    | Cottonseed oil, hydrogenated                                                                                |
| 1508.10    | Peanut (ground-nut) oil, crude                                                                              |
| 1508.90    | Peanut (ground-nut) oil, other                                                                              |
| 1515.50    | Sesame oil                                                                                                  |
| 1512.11    | Sunflower-seed oil, crude                                                                                   |
| 1512.19    | Sunflower-seed oil, other                                                                                   |
| 1212.91    | Sugar Beets, fresh, chilled, frozen or dried                                                                |
| 1212.92    | Sugar Cane, fresh, chilled, frozen or dried                                                                 |
| 1701.11    | Cane Sugar, raw, solid form                                                                                 |
| 1701.12    | Beet Sugar, raw, solid form                                                                                 |
| 1701.91    | Cane or Beet Sugar, solid form, containing added coloring or flavoring                                      |
| 1701.99    | Cane or Beet Sugar, other, not elsewhere specified                                                          |

#### PART 550—LIBYAN SANCTIONS REGULATIONS

1. The authority citation for part 550 is revised to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 287c, 2349aa-8 and 2349aa-9; 31 U.S.C. 321(b); 49 U.S.C. 40106(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12543, 51 FR 875, 3 CFR, 1986 Comp., p. 181; E.O. 12544, 51 FR 1235, 3 CFR, 1986 Comp., p. 183; E.O. 12801, 57 FR 14319, 3 CFR, 1992 Comp., p. 294.

2. Section 550.405 is revised to read as follows:

#### § 550.405 Transactions incidental to a licensed transaction authorized.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Libyan governmental entity or involving a debit to a blocked account or a transfer of blocked property not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Libya not explicitly authorized in or pursuant to this part other than discharging licensed or exempt cargo there;

(c) Distribution or leasing in Libya of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Libya; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine or medical equipment to Libya or the Government of Libya. See § 550.571.

#### Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

3. Section 550.589 is added to subpart E to read as follows:

#### § 550.589 Commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for executory contracts.* Entry into executory contracts is authorized for the following transactions with individuals in Libya acting for their own account, nongovernmental entities in Libya or procurement bodies of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or with persons in third countries purchasing specifically for resale to any of the foregoing, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

(i) The sale of agricultural commodities and products, if those commodities and products are intended for ultimate consumption in Libya as:

(j) Food for humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds);

(k) Seeds for food crops; and

(l) Reproductive materials (such as live animals, fertilized eggs, embryos

and semen) for the production of food animals; and

(2) The sale of medicines (including those administered by injection) and medical equipment for use in Libya, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR99), as of the date of exportation or reexportation. (EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10.)

Note to paragraph (a) of § 550.589: See § 550.570 with respect to the availability of specific licenses for sales of certain bulk agricultural commodities for exportation or reexportation to Libya or the Government of Libya.

(b) *Required terms of executory contracts.* The authorization contained in paragraph (a) of this section applies only to executory contracts that:

(1) Disclose all parties with an interest in the sales transaction. If the goods are being sold to a purchasing agent in Libya, the executory contract must identify the agent's principals at the wholesale level for whom the purchase is being made;

(2) Provide only for sales at prevailing market prices;

(3) Set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date a specific license pursuant to paragraph (d) of this section is obtained from the Office of Foreign Assets Control;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9; and

(5) Provide for payment terms consistent with the provisions of § 550.571.

(c) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to

part 560 of this chapter, other than a procurement body of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

**Note to paragraph (c) of § 550.569.** Information on ineligible purchasers and eligible procurement bodies will be published in the Federal Register and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system: 202/622-0077.

(d) *Specific licenses for performance under executory contracts.* Specific licenses may be issued on a case-by-case basis to permit the performance of executory contracts meeting the requirements of paragraphs (a) and (b) of this section. See § 501.801(b) of this chapter with respect to specific licensing procedures.

(e) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.801 and 501.602.

4. Section 550.570 is added to subpart E to read as follows:

**§ 550.570 Commercial sales of certain bulk agricultural commodities.**

(a) *Sales of bulk agricultural commodities by licensed sellers.*

Specific licenses may be issued on a case-by-case basis to permit the sale and exportation or reexportation to persons in Libya or the Government of Libya of bulk agricultural commodities intended for ultimate consumption in Libya as food for humans or animals (including animal feeds) and seeds for food crops, for sales meeting all requirements of paragraph (b) of this section.

(b) *Required contract terms for commercial sales of bulk agricultural commodities.* Specific licenses issued pursuant to this section will authorize entry into and performance only of contracts that:

(1) Provide for the sale and exportation or reexportation only of bulk agricultural commodities listed in appendix A to this part 550;

(2) Fully identify the purchasers of the bulk agricultural commodities, including (for sales through persons in third countries) those to whom the commodities are to be resold, and do not include as a purchaser any person in Libya or any person within the definition of the term Government of Libya other than:

(i) A private individual in Libya acting for his or her own account;

(ii) A nongovernmental entity in Libya; or

(iii) A procurement body of the Government of Libya identified by the

Office of Foreign Assets Control as not being affiliated with the coercive organs of the state;

(3) Provide only for sales at prevailing market prices;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 550.571.

(c) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.801 and 501.602.

(d) *Other commodities and products.* Requests may be made to the Office of Foreign Assets Control for specific licenses analogous to those available pursuant to paragraph (a) of this section where the applicant demonstrates to the satisfaction of the Office of Foreign Assets Control that, in light of industry practices, sales of the particular agricultural commodity or product, medicine, or medical equipment are impracticable under the executory contract licensing procedures contained in § 550.569.

(e) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to part 560 of this chapter, other than a procurement body of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

**Note to paragraph (e) of § 550.570.** Information on ineligible purchasers and eligible procurement bodies will be published in the Federal Register and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system: 202/622-0077.

5. Section 550.571 is added to subpart E to read as follows:

**§ 550.571 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.**

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical

equipment pursuant to §§ 550.569 and 550.570 are authorized:

(1) Payment of cash in advance;

(2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Libya entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 550.569 and 550.570, except that such financing may not be provided by the Government of Libya. See § 501.801(b) of this chapter for specific licensing procedures.

(c) *No debits to blocked accounts.* Nothing in this section authorizes payment terms or trade financing involving a debit to an account of the Government of Libya blocked pursuant to this part.

(d) *Transfers through the U.S. financial system.* Before a United States financial institution initiates a payment on behalf of any customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States financial institution must determine that the underlying transaction is not prohibited by this part. Any payment relating to a transaction authorized in or pursuant to § 550.569, 550.570, or 550.572 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the blocking or rejection of the transfer.

6. Section 550.572 is added to subpart E to read as follows:

**§ 550.572 Brokering sales of bulk agricultural commodities.**

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to broker the sale and exportation or reexportation by United States persons of the bulk agricultural commodities listed in appendix A to this part 550 to individuals in Libya acting for their own account,

nongovernmental entities in Libya, procurement bodies of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or persons in third countries purchasing specifically for resale to any of the foregoing, provided that the

brokered sales meet all conditions of § 550.570.

(b) *Specific licensing for brokering sales by non-U.S. persons.* Specific licenses may be issued on a case-by-case basis to permit United States persons to broker the sale and exportation or reexportation of bulk agricultural commodities by non-U.S. persons to persons in Libya or the Government of Libya. Specific licenses issued pursuant to this section will authorize the brokerage only of sales that:

(1) Are limited to the bulk agricultural commodities listed in appendix A to this part 550;

(2) Are to purchasers permitted pursuant to paragraphs (b)(2) and (e) of § 550.570;

(3) Require that any performance that is subject to license application requirements of another Federal agency be contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debit to blocked accounts.* Payment for any brokerage fee earned pursuant to this section may not involve a debit to an account blocked pursuant to this part.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

7. Section 550.573 is added to subpart E to read as follows:

**§ 550.573 Travel transactions in connection with licensed sales of agricultural commodities and products, medicine, and medical products.**

Travel transactions to, from, and within Libya for the sole purpose of negotiating contracts authorized by § 550.569 or § 550.570 are authorized. Travel transactions related to installation or servicing of medical equipment sold pursuant to § 550.569 must be authorized by specific license. See § 501.801(b) of this chapter for specific licensing procedures.

Note to § 550.573. U.S. passports must be validated by the U.S. Department of State for travel to Libya.

8. Appendix A to part 550 is added to read as follows:

**Appendix A to Part 550—Bulk Agricultural Commodities**

Notes:

1. Appendix A sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 550.570.

2. Commodities are identified by their classification numbers in the Harmonized Tariff Schedule of the United States (see 19 U.S.C. 1202) ("HTS").

| HTS Number | Commodity                                                                                                                                                                     |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1001.10    | Durum Wheat                                                                                                                                                                   |
| 1001.90    | Other Wheat and Meslin, including seed, Red Spring Wheat, White Winter Wheat, "Canadian" Western Red Winter Wheat, Soft White Spring Wheat, and Wheat not elsewhere specified |
| 1101.00    | Wheat or Meslin Flour                                                                                                                                                         |
| 1006.10    | Rice in the husk (paddy or rough)                                                                                                                                             |
| 1006.20    | Husked (brown) Rice                                                                                                                                                           |
| 1006.30    | Semi-milled or wholly milled Rice, whether or not polished or glazed                                                                                                          |
| 1006.40    | Broken Rice                                                                                                                                                                   |
| 1102.30    | Rice Flour                                                                                                                                                                    |
| 1103.14    | Rice Groats, Meal and Pellets                                                                                                                                                 |
| 1002.00    | Rye                                                                                                                                                                           |
| 1003.00    | Barley                                                                                                                                                                        |
| 1004.00    | Oats                                                                                                                                                                          |
| 1007.00    | Grain Sorghum                                                                                                                                                                 |
| 1005.00    | Corn (Maize)                                                                                                                                                                  |
| 0713.31    | Dried Beans including <i>Vigna mungo</i> (L.) Hepper, and <i>Vigna radiata</i> (L.) Wilczek                                                                                   |
| 0713.32    | Small red (adzuki) beans                                                                                                                                                      |
| 0713.33    | Kidney beans, including white pea beans                                                                                                                                       |
| 0713.39    | Beans, other                                                                                                                                                                  |
| 0713.50    | Broad beans and horse beans                                                                                                                                                   |
| 0713.10    | Dried Peas ( <i>Pisum sativum</i> )                                                                                                                                           |
| 0713.20    | Chickpeas (garbanzos)                                                                                                                                                         |
| 0713.40    | Lentils                                                                                                                                                                       |
| 0713.90    | Dried leguminous vegetables, shelled, not elsewhere specified                                                                                                                 |
| 1201.00    | Soybeans, whether or not broken                                                                                                                                               |
| 2304.00    | Soybean cake, meal and pellets                                                                                                                                                |
| 1507.10    | Soybean oil, crude                                                                                                                                                            |
| 1507.90    | Soybean oil, other                                                                                                                                                            |
| 1514.10    | Rapeseed, colza and mustard oil, crude                                                                                                                                        |
| 1514.90    | Rapeseed, colza and mustard oil, other                                                                                                                                        |
| 1515.21    | Corn (Maize) oil, crude                                                                                                                                                       |
| 1515.29    | Corn (Maize) oil, other                                                                                                                                                       |
| 1512.21    | Cottonseed oil, crude                                                                                                                                                         |
| 1512.29    | Cottonseed oil, other                                                                                                                                                         |
| 1517.90    | Cottonseed oil, hydrogenated                                                                                                                                                  |
| 1508.10    | Peanut (ground-nut) oil, crude                                                                                                                                                |
| 1508.90    | Peanut (ground-nut) oil, other                                                                                                                                                |
| 1515.50    | Sesame oil                                                                                                                                                                    |
| 1512.11    | Sunflower-seed oil, crude                                                                                                                                                     |
| 1512.19    | Sunflower-seed oil, other                                                                                                                                                     |
| 1212.91    | Sugar Beets, fresh, chilled, frozen or dried                                                                                                                                  |
| 1212.92    | Sugar Cane, fresh, chilled, frozen or dried                                                                                                                                   |
| 1701.11    | Cane Sugar, raw, solid form                                                                                                                                                   |
| 1701.12    | Beet Sugar, raw, solid form                                                                                                                                                   |

| HTS Number | Commodity                                                              |
|------------|------------------------------------------------------------------------|
| 1701.91    | Cane or Beet Sugar, solid form, containing added coloring or flavoring |
| 1701.99    | Cane or Beet Sugar, other, not elsewhere specified                     |

**PART 560—IRANIAN TRANSACTIONS REGULATIONS**

1. The authority citation for part 560 continues to read as follows:  
**Authority:** 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 2349aa-9; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12613, 52 FR 41940, 3 CFR, 1987 Comp., p. 256; E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR, 1995 Comp., p. 356; E.O. 13059, 62 FR 44531, 3 CFR, 1997 Comp., p. 217.

**Subpart D—Interpretations**

2. Section 560.405 is added to subpart D to read as follows:

**§ 560.405 Transactions incidental to a licensed transaction authorized.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Iranian governmental entity or involving a debit or credit to an Iranian account not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Iran not explicitly authorized in or pursuant to this part other than discharging licensed or exempt cargo there;

(c) Distribution or leasing in Iran of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Iran; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine or medical equipment to Iran or the Government of Iran. See § 560.532.

**Subpart E—Licenses, Authorizations, and Statements of Licensing Policy**

3. Section 560.530 is added to subpart E to read as follows:

**§ 560.530 Commercial sales of agricultural commodities and products, medicine, and medical equipment.**

(a) *General license for executory contracts.* Entry into executory contracts is authorized for the following transactions with nongovernmental

entities in Iran or procurement bodies of the Government of Iran not affiliated with the coercive organs of the state, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

(1) The sale of agricultural commodities and products, if those commodities and products are intended for ultimate consumption in Iran as:

(i) Food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds);

(ii) Seeds for food crops; and  
(iii) Reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals; and

(2) The sale of medicines (including those administered by injection) and medical equipment for use in Iran, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR99), as of the date of

exportation or reexportation. (EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10.)

Note to paragraph (a) of § 560.530. See § 560.531 with respect to the availability of specific licenses for entry into and performance of contracts for sales of certain bulk agricultural commodities.

(b) *Required terms of executory contracts.* The authorization contained in paragraph (a) of this section applies only to executory contracts that:

(1) Disclose all parties with an interest in the sales transaction. If the goods are being sold to a purchasing agent in Iran, the executory contract must identify the agent's principals at the wholesale level for whom the purchase is being made;

(2) Provide only for sales at prevailing market prices;

(3) Set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date a specific license pursuant to paragraph (d) of this section is obtained from the Office of Foreign Assets Control;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or

services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 560.532.

(c) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to this part 560, other than a procurement body of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (c) of § 560.530. Information on ineligible purchasers and eligible procurement bodies will be published in the Federal Register and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system: 202/622-0077.

(d) *Specific licenses for performance under executory contracts.* Specific licenses may be issued on a case-by-case basis to permit the performance of executory contracts meeting the requirements of paragraphs (a) and (b) of this section. See § 501.801(b) of this chapter with respect to specific licensing procedures.

(e) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

4. Section 560.531 is added to subpart E to read as follows:

**§ 560.531 Commercial sales of certain bulk agricultural commodities.**

(a) *Sales of bulk agricultural commodities by licensed sellers.* Specific licenses may be issued on a case-by-case basis to permit the sale and exportation or reexportation to persons in Iran or the Government of Iran of bulk agricultural commodities intended for ultimate consumption in Iran as food by humans or animals (including animal feeds) and seeds for food crops, for sales meeting all requirements of paragraph (b) of this section.

(b) *Required contract terms for commercial sales of bulk agricultural commodities.* Specific licenses issued pursuant to this section will authorize

entry into and performance only of contracts that:

(1) Provide for the sale and exportation or reexportation only of bulk agricultural commodities listed in appendix B to this part 560;

(2) Fully identify the purchasers of the bulk agricultural commodities, including (for sales through persons in third countries) those to whom the commodities are to be resold, and do not include as a purchaser any person in Iran or any person within the definition of the term Government of Iran other than:

(i) A private individual in Iran acting for his or her own account;

(ii) A nongovernmental entity in Iran; or

(iii) A procurement body of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state;

(3) Provide only for sales at prevailing market prices;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 560.532.

(c) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

(d) *Other commodities and products.* Requests may be made to the Office of Foreign Assets Control for specific licenses analogous to those available pursuant to paragraph (a) of this section where the applicant demonstrates to the satisfaction of the Office of Foreign Assets Control that, in light of industry practices, sales of the particular agricultural commodity or product, medicine, or medical equipment are impracticable under the executory contract licensing procedures contained in § 560.530.

(e) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to this part 560, other than a procurement body of the Government of Iran identified by the Office of Foreign

Assets Control as not being affiliated with the coercive organs of the state.  
**Note to paragraph (e) of § 560.531.**  
 Information on ineligible purchasers and eligible procurement bodies will be published in the Federal Register and may be found on the Office of Foreign Assets Control's Internet site: <http://www.treas.gov/ofac>, or on its fax-on-demand system: 202/622-0077.

5. Section 560.532 is added to subpart E to read as follows:

**§ 560.532 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.**

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment pursuant to §§ 560.530 and 560.531 are authorized:

- (1) Payment of cash in advance;
- (2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or
- (3) Financing by third-country financial institutions that are neither United States persons nor Government of Iran entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 560.530 and 560.531, except that such financing may not be provided by the Government of Iran. See § 501.801 (b) of this chapter for specific licensing procedures.

(c) *No use of Iranian accounts.* Nothing in this section authorizes payment terms or trade financing involving a debit or credit to an Iranian account.

(d) *Transfers through the U.S. financial system.* Any payment relating to a transaction authorized in or pursuant to § 560.530, 560.531, or 560.533 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the rejection of the transfer. See § 560.516 (b).

6. Section 560.533 is added to subpart E to read as follows:

**§ 560.533 Brokering sales of bulk agricultural commodities.**

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to broker the sale by United States persons of the bulk agricultural commodities listed in

appendix B to this part 560 to individuals in Iran acting for their own account, nongovernmental entities in Iran, procurement bodies of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or persons in third countries purchasing specifically for resale to any of the foregoing, provided that the brokered sales meet all conditions of § 560.531.

(b) *Specific licensing for brokering sales by non-U.S. persons.* Specific licenses may be issued on a case-by-case basis to permit United States persons to broker the sale and exportation or reexportation of bulk agricultural commodities by non-U.S. persons to persons in Iran or the Government of Iran. Specific licenses issued pursuant to this section will authorize the brokerage only of sales that:

- (1) Are limited to the bulk agricultural commodities listed in appendix B to this part 560;
- (2) Are to purchasers permitted pursuant to paragraphs (b) (2) and (e) of § 560.531;
- (3) Require that any performance that is subject to license application requirements of another Federal agency be contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debit to an Iranian account.* Payment for any brokerage fee pursuant to this section may not involve a debit or credit to an Iranian account.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

**Appendix A to Part 560 [Redesignated]**

7. The appendix to part 560 is redesignated as Appendix A to Part 560.

8. Appendix B to part 560 is added to read as follows:

**Appendix B to Part 560—Bulk Agricultural Commodities**

Notes:  
 1. Appendix B sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 560.531.  
 2. Commodities are identified by their classification numbers in the Harmonized

Tariff Schedule of the United States (see 19 U.S.C. 1202) ("HTS").

| HTS Number | Commodity                                                                                                                                                                     |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1001.10    | Durum Wheat                                                                                                                                                                   |
| 1001.90    | Other Wheat and Meslin, including seed, Red Spring Wheat, White Winter Wheat, "Canadian" Western Red Winter Wheat, Soft White Spring Wheat, and Wheat not elsewhere specified |
| 1101.00    | Wheat or Meslin Flour                                                                                                                                                         |
| 1006.10    | Rice in the husk (paddy or rough)                                                                                                                                             |
| 1006.20    | Husked (brown) Rice                                                                                                                                                           |
| 1006.30    | Semi-milled or wholly milled Rice, whether or not polished or glazed                                                                                                          |
| 1006.40    | Broken Rice                                                                                                                                                                   |
| 1102.30    | Rice Flour                                                                                                                                                                    |
| 1103.14    | Rice Groats, Meal and Pellets                                                                                                                                                 |
| 1002.00    | Rye                                                                                                                                                                           |
| 1003.00    | Barley                                                                                                                                                                        |
| 1004.00    | Oats                                                                                                                                                                          |
| 1007.00    | Grain Sorghum                                                                                                                                                                 |
| 1005.00    | Corn (Maize)                                                                                                                                                                  |
| 0713.31    | Dried Beans including Vigna mungo (L.) Hepper, and Vigna radiata (L.) Wilczek                                                                                                 |
| 0713.32    | Small red (adzuki) beans                                                                                                                                                      |
| 0713.33    | Kidney beans, including white pea beans                                                                                                                                       |
| 0713.39    | Beans, other                                                                                                                                                                  |
| 0713.50    | Broad beans and horse beans                                                                                                                                                   |
| 0713.10    | Dried Peas (Pisum sativum)                                                                                                                                                    |
| 0713.20    | Chickpeas (garbanzos)                                                                                                                                                         |
| 0713.40    | Lentils                                                                                                                                                                       |
| 0713.90    | Dried leguminous vegetables, shelled, not elsewhere specified                                                                                                                 |
| 1201.00    | Soybeans, whether or not broken                                                                                                                                               |
| 2304.00    | Soybean cake, meal and pellets                                                                                                                                                |
| 1507.10    | Soybean oil, crude                                                                                                                                                            |
| 1507.90    | Soybean oil, other                                                                                                                                                            |
| 1514.10    | Rapeseed, colza and mustard oil, crude                                                                                                                                        |
| 1514.90    | Rapeseed, colza and mustard oil, other                                                                                                                                        |
| 1515.21    | Corn (Maize) oil, crude                                                                                                                                                       |
| 1515.29    | Corn (Maize) oil, other                                                                                                                                                       |
| 1512.21    | Cottonseed oil, crude                                                                                                                                                         |
| 1512.29    | Cottonseed oil, other                                                                                                                                                         |
| 1517.90    | Cottonseed oil, hydrogenated                                                                                                                                                  |
| 1508.10    | Peanut (ground-nut) oil, crude                                                                                                                                                |
| 1508.90    | Peanut (ground-nut) oil, other                                                                                                                                                |
| 1515.50    | Sesame oil                                                                                                                                                                    |
| 1512.11    | Sunflower—seed oil, crude                                                                                                                                                     |
| 1512.19    | Sunflower—seed oil, other                                                                                                                                                     |
| 1212.91    | Sugar Beets, fresh, chilled, frozen or dried                                                                                                                                  |
| 1212.92    | Sugar Cane, fresh, chilled, frozen or dried                                                                                                                                   |
| 1701.11    | Cane Sugar, raw, solid form                                                                                                                                                   |
| 1701.12    | Beet Sugar, raw, solid form                                                                                                                                                   |
| 1701.91    | Cane or Beet Sugar, solid form, containing added coloring or flavoring                                                                                                        |
| 1701.99    | Cane or Beet Sugar, other, not elsewhere specified                                                                                                                            |

Dated: July 26, 1999  
 R. Richard Newcomb,  
 Director, Office of Foreign Assets Control.  
 Approved: July 26, 1999.  
 Elisabeth A. Breese,  
 Assistant Secretary (Enforcement),  
 Department of the Treasury.  
 [FR Doc. 99-19628 Filed 7-27-99; 4:18 pm]  
 BILLING CODE 4810-33-F

#### DEPARTMENT OF TRANSPORTATION

##### Coast Guard

##### 33 CFR Part 160

[USCG-1999-4819]

RIN 2115-AF85

##### Year 2000 (Y2K) Reporting Requirements for Vessels and Marine Facilities; Enforcement Date Change

AGENCY: Coast Guard, DOT.  
 ACTION: Temporary Interim rule.

**SUMMARY:** The Coast Guard is changing the reporting date for certain vessels and marine facilities to submit their Year 2000 (Y2K) preparedness questionnaires. The current temporary interim rule requires certain vessels and marine facilities to submit Y2K preparedness questionnaires to be received by the Coast Guard no later than August 1, 1999. Due to problems with the software enabling Internet submissions, we are delaying the questionnaire submission date to August 20, 1999. Additionally, we are making some non-substantive, editorial corrections to the interim rule.

**EFFECTIVE DATES:** This temporary interim rule is effective August 2, 1999 and expires March 31, 2000. All other provisions of the temporary interim rule published on June 23, 1999 at 64 FR 33404-33424 that became effective on June 23, 1999 remain in effect.

**FOR FURTHER INFORMATION CONTACT:** For questions regarding this change of enforcement date, call Mr. John Hannon, Project Manager, Office of Compliance, telephone 202-267-0492. For questions on viewing, or submitting material to the docket, contact Dorothy Walker, Chief, Dockets, Department of Transportation, telephone 202-366-9329.

##### SUPPLEMENTARY INFORMATION:

##### Discussion of Regulatory Action

This rule delays the submission requirement for the Y2K questionnaires from August 1, 1999 to August 20, 1999. This delay facilitates the regulated public's ability to use the Internet and other means to submit the required

questionnaires. Because this rule relieves the restriction for the August 1, 1999, submission date, until August 20, 1999, under 5 U.S.C. 553 (d)(1), it is effective on its date of publication in the Federal Register.

##### Background

On March 5, 1999, the International Maritime Organization (IMO) issued Circular Letter No. 2121 which established, through unanimous agreement, the Year 2000 Code of Good Practice and Key Elements of Y2K contingency plans for ships, ports, and terminals. After the issuance of Circular No. 2121, the Coast Guard developed a risk assessment matrix, and evaluated the need for information to supplement the questionnaire contained in the Circular. We published a temporary interim rule on June 23, 1999 (64 FR 33404) establishing temporary Y2K preparedness reporting requirements for vessels and marine facilities operating in U.S. waters on any of the following peak risk dates:

- Between midnight (2400 hours local time) September 7, 1999 and midnight (2400 hours local time) September 9, 1999 (48 hours);
- Between midnight (2400 hours local time) December 30, 1999 and midnight (2400 hours local time) January 1, 2000 (48 hours); and
- Between midnight (2400 hours local time) February 27, 2000 and midnight (2400 hours local time) February 29, 2000 (48 hours).

The reporting requirements and copies of the required forms were set out in the temporary interim rule.

##### Reason for Delay

The temporary interim rule gave the public three options to submit their responses to Y2K questionnaires: by mail, by facsimile (fax), and by submission of data via the Internet. At the time of publication of the Temporary Interim Rule, we reported that we were finalizing our Y2K questionnaire data processing system and indicated we would implement the system by July 1, 1999. At this time, the system is capable of receiving faxed and mailed submissions; however, we are currently experiencing software problems for submitting questionnaires via the Internet. We anticipate that Internet submission capability will not be available until August 1, 1999. If all submissions were made using the Internet, our system may not be able to process all submissions; therefore, we are delaying the date by which we must receive your Y2K preparedness questionnaires until August 20, 1999. We are currently capable of receiving

and processing both fax and mail Y2K questionnaire submissions and you are highly encouraged to submit your questionnaires as soon as possible through one of those means.

Additionally, as published, the temporary interim rule contains inaccuracies and editorial errors in need of correction. We are correcting the Navigation and Vessel Inspection Circular (NVIC) 6-99 to read as 7-99. In addition, facilities operating under the authority of the Department of Transportation were omitted from section 160.307 paragraph (g) in error. We are correcting that oversight by adding the Department of Transportation to this section. We are also correcting an editorial error where we mislabeled sub-paragraphs in section 160.317 of the rule by going from (d) to (f), skipping (e). Finally, we are correcting an inaccurate domestic fax number and adding an international fax number for foreign vessels to submit the appropriate Y2K preparedness questionnaire.

##### List of Subjects in 33 CFR Part 160

Administrative practice and procedure, Harbors, Hazardous material transportation, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Vessels, Waterways.

For reasons set forth in the preamble, the Coast Guard is amending 33 CFR part 160 as follows:

##### ART 160—PORTS AND WATERWAY SAFETY—GENERAL

1. The authority citation for part 160 continues to read as follows:

Authority: 33 U.S.C. 1223, 1231; 49 CFR 1.46. Subpart D is also issued under the authority of 33 U.S.C. 1225 and 46 U.S.C. 3715.

2. Revise paragraph (g) of § 160.307, to read as follows:

§ 160.307 Which vessels and facilities are exempt from this subpart?

\* \* \* \* \*

(g) Facilities directly operated by the Department of Defense, or under the authority of the Department of the Interior or the Department of Transportation.

3. In § 160.313, revise paragraphs (a)(1), (a)(2), and (b)(2) to read as follows:

§ 160.313 What are the Year 2000 (Y2K) reporting requirements for vessels owned in the United States?

(a) \* \* \*

(1) If your vessel will operate during any of the peak risk periods identified in § 160.311, you must submit a Vessel

Field Office, 5100 East Skelly Drive, Suite 470, Tulsa, OK 74135-6548.

29. Section 936.20 is revised to read as follows:

**§ 936.20 Approval of Oklahoma abandoned mine land reclamation plan.**

The Secretary approved the Oklahoma abandoned mine land reclamation plan, as submitted on July 30, 1981, effective January 21, 1982. Copies of the approved plan are available at:

(a) Oklahoma Conservation Commission, 2800 N. Lincoln Blvd., Suite 160, Oklahoma City, OK 73105.

(b) Office of Surface Mining Reclamation and Enforcement, Tulsa Field Office, 5100 East Skelly Drive, Suite 470, Tulsa, OK 74135-6548.

**PART 943—TEXAS**

30. The authority citation for part 943 continues to read as follows:

Authority: 30 U.S.C. 1201 et seq.

31. Section 943.10 is revised to read as follows:

**§ 943.10 State regulatory program approval.**

The Secretary approved the Texas regulatory program, as submitted on July 20, 1979, and amended on November 13, 1979, and December 20, 1979, effective February 16, 1980. Copies of the approved program are available at:

(a) Surface Mining and Reclamation Division, Railroad Commission of Texas, Capitol Station, P.O. Box 12967, Austin, TX 78711.

(b) Office of Surface Mining Reclamation and Enforcement, Tulsa Field Office, 5100 East Skelly Drive, Suite 470, Tulsa, OK 74135-6548.

32. Section 943.20 is revised to read as follows:

**§ 943.20 Approval of Texas abandoned mine land reclamation plan.**

The Secretary approved the Texas abandoned mine land reclamation plan, as submitted on April 24, 1980, and amended on May 30, 1980, June 2, 1980, and June 4, 1980, effective June 23, 1980. Copies of the approved plan are available at:

(a) Surface Mining and Reclamation Division, Railroad Commission of Texas, Capitol Station, P.O. Box 12967, Austin, TX 78711.

(b) Office of Surface Mining Reclamation and Enforcement, Tulsa Field Office, 5100 East Skelly Drive, Suite 470, Tulsa, OK 74135-6548.

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**DEPARTMENT OF THE TREASURY**

**Office of Foreign Assets Control**

**31 CFR Part 580**

**Iranian Transactions Regulations: Implementation of Executive Order 13059**

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendment.

**SUMMARY:** The Office of Foreign Assets Control of the U.S. Department of the Treasury is amending the Iranian Transactions Regulations to implement Executive Order 13059, which clarifies the steps taken in Executive Orders 12957 and 12959 with respect to the declaration of national emergency and imposition of new and additional sanctions against Iran.

**EFFECTIVE DATE:** April 26, 1999.

**FOR FURTHER INFORMATION CONTACT:** Regarding the issuance of licenses, Steven I. Pinter, Chief, Licensing Division (tel.: 202/622-2480); regarding banking and compliance questions, Dennis P. Wood, Chief, Compliance Programs Division (tel.: 202/622-2490); regarding Iranian government entities, J. Robert McBrien, Chief, International Programs Division (tel.: 202/622-2420); regarding legal questions, William B. Hoffman, Chief Counsel (tel.: 202/622-2410), Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

**SUPPLEMENTARY INFORMATION:**

**Electronic and Facsimile Availability**

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programs of the Office of Foreign Assets Control is available for downloading from the Office's Internet Home Page: http://www.treas.gov/ofac, or in fax form through the Office's 24-hour fax-on-demand service: call 202/622-0077 using a fax machine, fax modem, or (within the United States) a touch-tone telephone.

**Background**

In Executive Order 12957 of March 15, 1995 (60 FR 14615, March 17, 1995), President Clinton declared a national emergency with respect to the actions and policies of the Government of Iran and imposed sanctions against Iran supplementing those imposed in 1987. Invoking the authority, *inter alia*, of the International Emergency Economic Powers Act, 50 U.S.C. 1701-06 ("IEEPA"), the President substantially supplemented and amended those sanctions in Executive Order 12959 of May 6, 1995 (60 FR 24757, May 9, 1995). In implementation of these orders, the Office of Foreign Assets Control ("OFAC") amended the Iranian Transactions Regulations in September 1995 (the "Regulations") (60 FR 47061, September 11, 1995).

In Executive Order 13059 of August 19, 1997 (62 FR 44531, August 21, 1997), the President clarified the steps taken with respect to the national emergency declared in Executive Order 12957 and expanded in Executive Order 12959. In implementation of these orders, OFAC is amending the Regulations.

Section 580.201 continues the prohibition on the importation into the United States of goods or services of Iranian origin but indicates that this includes goods or services owned or controlled by the Government of Iran. Section 580.201 also conforms the exemption for information and informational materials for import purposes to that applicable under IEEPA for all other purposes.

Section 580.204 is revised to provide that any exportation, reexportation, sale or supply of goods to Iran or the Government of Iran from the United States, or by a U.S. person wherever located, is prohibited. This includes any exportation, reexportation, sale or supply of goods, services or technology from the United States or by a U.S. person in a third country undertaken with knowledge or reason to know that such goods, services or technology are intended specifically for supply, transshipment or reexportation, directly or indirectly, to Iran or the Government of Iran. Similarly, § 580.204 prohibits any exportation, reexportation, sale or supply of goods, services or technology

intended specifically for use in the production of, for commingling with, or for incorporation into goods, technology or services to be supplied, transshipped or reexported exclusively or predominantly to Iran or the Government of Iran.

Section 560.205 is amended to clarify that a person other than a U.S. person is prohibited from knowingly reexporting U.S.-origin goods, technology and services to Iran or the Government of Iran if those goods, services or technology are subject to written license application requirements by any U.S. Government agency imposed independently of part 560, unless such U.S.-origin items have been substantially transformed into a foreign-made product or the U.S.-origin content meets the de minimis standard in that section. U.S. persons remain subject to the prohibitions in § 560.204, regardless of the origin or type of item or the country from which it is shipped.

Section 560.206 amends the rules relating to dealings in goods or services of Iranian origin or owned or controlled by the Government in Iran and concerning dealings in goods, technology or services for exportation, reexportation, sale or supply to Iran or the Government of Iran. Section 560.208 is amended to provide that the approval, facilitation, financing or guarantee by a U.S. person of any Iran-related transaction by a foreign person is not permitted if the transaction by the foreign person would be prohibited by this part if performed by a U.S. person or within the United States. In addition, §§ 560.210(c) and (d) are amended to clarify rules relating to informational materials and travel.

The effective dates of the prohibitions in this part are set out in § 560.301. Section 560.306 is revised to clarify the definitions of the terms *goods of Iranian origin* and *goods or services owned or controlled by the Government of Iran*. The definition of *United States depositary institution* in § 560.319 is revised to remove reference to certain activities of banks that might draw into the definition non-banking businesses that are not subject to federal or state regulation as banks. Certain other revisions to existing definitions are made to subpart C.

In subpart D, certain existing interpretive provisions are revised and new interpretive sections are added. Section 560.403 is added to make clear that the prohibitions in §§ 560.204, 560.206 and 560.208 apply to export, reexport or supply transactions which require a transshipment or transit of goods or technology through Iran to third countries. Section 560.406 is

revised to indicate that the prohibition on importation in § 560.201 includes, among other things, importation into the United States, for transshipment or transit, of goods owned or controlled by the Government of Iran destined for third countries, and the prohibition on exportation in § 560.204 includes, among other things, the exportation from the United States, for transshipment or transit, of goods intended or destined for the Government of Iran, including entities owned or controlled by the Government of Iran. Section 560.410 is revised to clarify the term *exportation or supply of services*. Section 560.412 on extensions of credit to Iran is amended to add a reference to standby letters of credit. Section 560.414, which relates to reexportation of U.S.-origin goods or technology, is amended to provide interpretation with respect to § 560.205.

Section 560.416 is added to provide examples of prohibited brokering services. Section 560.417 on facilitation of transactions is added to replace § 560.516(d), which is removed. Section 560.418 is added to deal with the release of technology to Iran or the Government of Iran that may violate this part, and transfers of technology to foreign nationals, including Iranian nationals, that may implicate rules administered by the U.S. Department of State, the U.S. Department of Commerce, or other agencies of the U.S. Government. Section 560.419 is added to deal with issues related to the U.S. employment of persons normally located in Iran. Section 560.420 is added to interpret the de minimis content rules contained in § 560.205, which apply to reexportations by foreign persons.

In subpart E, § 560.501(d) is added to explain that specific licenses issued pursuant to Executive Orders 12813, 12957 or 12958 continue in effect in accordance with their terms except to the extent revoked, amended, or modified by the Office of Foreign Assets Control. Section 560.501(e) provides that certain exports, reexports or transfers of goods, technology, or services, or the direct products of technology, which are not prohibited by this part and which do not require authorization by OFAC, may nonetheless require authorization by the U.S. Department of Commerce, the U.S. Department of State or other agencies of the U.S. Government. Section 560.505 is amended to deal with activities taken in connection with certain visa categories.

Section 560.509 is amended to clarify that the general license relating to protection of patents, trademarks and copyrights extends to the importation of

Iranian-origin services, payment for such services, and payment to persons in Iran in connection with such intellectual property protection.

Section 560.511 is added to create an "insubstantial content" exception to the prohibitions in § 560.204. As noted, § 560.204 prohibits the knowing exportation, reexportation, sale or supply of goods, services or technology from the United States, or by U.S. persons wherever located, to third countries for incorporation or substantial transformation into items destined for Iran or the Government of Iran. Section 560.511 creates an exception to this rule, authorizing such "knowing" supply by U.S. persons or from the United States under certain circumstances. Such "knowing" supply is authorized under § 560.511 when (1) the items being exported, reexported or supplied for substantial transformation or incorporation abroad do not require authorization for exportation or reexportation by another agency of the U.S. Government; (2) the U.S.-origin items do not exceed the content levels specified in § 560.511(a)(2); (3) the foreign-made end product is not destined to end uses or end users prohibited under regulations administered by other U.S. Government agencies (§ 560.511(d)); and (4) the foreign-made end product is not intended for use in the Iranian petroleum or petrochemical industry (§ 560.511(e)). The authorization in § 560.511(a) is not available if the foreign-made end product is of a type which other U.S. Government agencies make ineligible for de minimis U.S.-origin content. More generally, export control rules administered by other agencies of the U.S. Government may prohibit an exportation or supply otherwise authorized by § 560.511.

A general license is added in § 560.529 to authorize the provision of goods or services in the United States to a non-Iranian carrier transporting passengers or goods to or from Iran if they are bunkers or bunkering services, are supplied in the course of emergency repairs, or are supplied under circumstances which could not be anticipated prior to the carrier's departure for the United States.

Technical changes or new text also appear at the following sections, among others: §§ 560.207, 560.308, 560.315, 560.412, 560.506, 560.515, 560.516, and 560.523. The prior § 560.411 concerning offshore transactions in Iranian-origin goods and services has been removed and reserved because its content, as modified to accord with Executive Order 13059, is covered in § 560.206.

Section 560.318 is removed and reserved.

An appendix is added to provide the names of financial institutions deemed by OFAC to be entities owned or controlled by the Government of Iran. This list, with minor modifications, duplicates the list promulgated as an annex to General License No. 3 on June 6, 1995 (see 60 FR 40883, August 10, 1995).

Because the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

#### List of Subjects in 31 CFR Part 560

Administrative practice and procedure. Agricultural commodities. Banks, banking. Exports. Foreign trade. Imports. Information. Investments. Iran. Loans. Penalties. Reporting and recordkeeping requirements. Services. Specially designated nationals. Terrorism. Transportation.

For the reasons set forth in the preamble, 31 CFR part 560 is amended as follows:

#### PART 560—IRANIAN TRANSACTIONS REGULATIONS

1. The authority citation continues to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 2349aa-9; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651; 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12613, 52 FR 41940, 3 CFR, 1987 Comp., p. 256; E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR, 1995 Comp., p. 356; F.O. 13059, 62 FR 44531, 3 CFR, 1997 Comp., p. 217.

#### Subpart B—Prohibitions

2. Section 560.201 is revised to read as follows:

##### § 560.201 Prohibited importation of goods or services from Iran.

Except as otherwise authorized pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, the importation into the United States of any goods or services of Iranian origin or owned or controlled by the Government of Iran, other than information and informational materials within the meaning of section 203(b)(3) of the

International Emergency Economic Powers Act (50 U.S.C. 1702(b)(3)), is prohibited.

3. Section 560.204 is revised to read as follows:

##### § 560.204 Prohibited exportation, reexportation, sale or supply of goods, technology, or services to Iran.

Except as otherwise authorized pursuant to this part, including § 560.511, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, technology, or services to Iran or the Government of Iran is prohibited, including the exportation, reexportation, sale, or supply of any goods, technology, or services to a person in a third country undertaken with knowledge or reason to know that:

(a) Such goods, technology, or services are intended specifically for supply, transshipment, or reexportation, directly or indirectly, to Iran or the Government of Iran; or

(b) Such goods, technology, or services are intended specifically for use in the production of, for commingling with, or for incorporation into goods, technology, or services to be directly or indirectly supplied, transhipped, or reexported exclusively or predominantly to Iran or the Government of Iran.

4. Section 560.205 is revised to read as follows:

##### § 560.205 Prohibited reexportation of goods, technology or services to Iran or the Government of Iran by persons other than United States persons; exceptions.

(a) Except as otherwise authorized pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, the reexportation from a third country, directly or indirectly, by a person other than a United States person, of any goods, technology or services that have been exported from the United States is prohibited, if:

(1) Undertaken with knowledge or reason to know that the reexportation is intended specifically for Iran or the Government of Iran; and

(2) The exportation of such goods, technology, or services from the United States to Iran was subject to export license application requirements under any United States regulations in effect on May 6, 1995, or thereafter is made subject to such requirements imposed

independently of this part (see § 560.414).

(b) The prohibitions of paragraph (a) of this section shall not apply to those goods or that technology subject to export license application requirements if such goods or technology have been:

(1) Substantially transformed into a foreign-made product outside the United States; or

(2) Incorporated into a foreign-made product outside the United States if the aggregate value of such goods and technology described in paragraph (a)(2) of this section constitutes less than 10 percent of the total value of the foreign-made product to be exported from a third country (see § 560.420).

(c) Reexportation by United States persons or from the United States is governed by other sections in this part, including §§ 560.204 and 560.206.

Note to § 560.205. The reexportation of U.S.-origin goods or technology, including U.S.-origin goods or technology that have been incorporated or substantially transformed into a foreign-made product, not prohibited by this section, may require authorization by the U.S. Department of Commerce under the Export Administration Regulations (15 CFR parts 740-774) or by the U.S. State Department under the International Traffic in Arms Regulations (22 CFR 123.9).

5. Section 560.206 is revised to read as follows:

##### § 560.206 Prohibited trade-related transactions with Iran; goods, technology, or services.

(a) Except as otherwise authorized pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, no United States person, wherever located, may engage in any transaction or dealing in or related to:

(1) Goods or services of Iranian origin or owned or controlled by the Government of Iran; or

(2) Goods, technology, or services for exportation, reexportation, sale or supply, directly or indirectly, to Iran or the Government of Iran.

(b) For purposes of paragraph (a) of this section, the term *transaction or dealing* includes but is not limited to purchasing, selling, transporting, swapping, brokering, approving, financing, facilitating, or guaranteeing.

6. Section 560.207 is revised to read as follows:

##### § 560.207 Prohibited investment.

Except as otherwise authorized pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, any new

investment by a United States person in Iran or in property (including entities) owned or controlled by the Government of Iran is prohibited.

7. Section 560.208 is revised to read as follows:

**§ 560.208 Prohibited facilitation by United States persons of transactions by foreign persons.**

Except as otherwise authorized pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, no United States person, wherever located, may approve, finance, facilitate, or guarantee any transaction by a foreign person where the transaction by that foreign person would be prohibited by this part if performed by a United States person or within the United States.

8. Paragraphs (c) and (d) of § 560.210 are revised to read as follows:

**§ 560.210 Exempt transactions.**

(c) *Information and informational materials.* (1) The importation from any country and the exportation to any country of information and informational materials as defined in § 560.315, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions and regulations of this part.

(2) This section does not exempt from regulation or authorize transactions related to information and informational materials not fully created and in existence at the date of the transactions, or to the substantive or artistic alteration or enhancement of informational materials, or to the provision of marketing and business consulting services. Transactions that are prohibited notwithstanding this section include, but are not limited to, payment of advances for information and informational materials not yet created and completed (with the exception of prepaid subscriptions for widely circulated magazines and other periodical publications), provision of services to market, produce or co-produce, create or assist in the creation of information and informational materials, and payment of royalties to persons in Iran or to the Government of Iran.

(3) This section does not exempt from regulation or authorize transactions incident to the exportation of software subject to the Export Administration Regulations (15 CFR parts 730-774).

(4) This section does not exempt from regulation or authorize the exportation of goods (including software) or

technology or the sale or leasing of telecommunications transmission facilities (such as satellite links or dedicated lines) where such exportation, sale or leasing is for use in the transmission of any data.

(d) *Travel.* The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to or from any country, including importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including nonscheduled air, sea, or land voyages. This exemption extends to transactions with Iranian carriers and those involving group tours and payments in Iran made for transactions directly incident to travel.

#### Subpart C—Definitions

9. Section 560.301 is revised to read as follows:

**§ 560.301 Effective date.**

The effective date of the prohibitions and directives contained in subpart B of this part is 12:01 a.m. Eastern Daylight Time, August 20, 1997. For the effective date of pre-existing regulations and directives, see the Executive orders in the Authority citation for this part and implementing regulations.

10. Section 560.306 is revised to read as follows:

**§ 560.306 Iranian-origin goods or services; Goods or services owned or controlled by the Government of Iran.**

(a) The terms *goods of Iranian origin* and *Iranian-origin goods* include:  
(1) Goods grown, produced, manufactured, extracted, or processed in Iran; and  
(2) Goods which have entered into Iranian commerce.

(b) The terms *services of Iranian origin* and *Iranian-origin services* include:  
(1) Services performed in Iran or by an entity organized under the laws of Iran, or a person residing in Iran; and  
(2) Services performed outside Iran by a citizen, national or permanent resident of Iran who is ordinarily resident in Iran, or by an entity organized under the laws of Iran.

(c) The term *goods or services owned or controlled by the Government of Iran* includes:

(1) Goods grown, produced, manufactured, extracted or processed by the Government of Iran or goods in its possession or control; and

(2) Services performed by the Government of Iran.

(d) The terms *services of Iranian-origin, Iranian-origin services, and services owned or controlled by the Government of Iran* do not include:

(1) Diplomatic and consular services performed by or on behalf of the Government of Iran;

(2) Diplomatic and consular services performed by or on behalf of the Government of the United States; or  
(3) Services performed outside Iran by an Iranian citizen or national who is resident in the United States or a third country, provided such services are not performed by or on behalf of the Government of Iran (other than diplomatic and consular services), an entity organized under the laws of Iran, or a person located in Iran.

11. Section 560.308 is revised to read as follows:

**560.308 Importation of goods.**

With respect to goods (including software), the term *importation* means the bringing of any goods into the United States, except that in the case of goods transported by vessel, *importation* means the bringing of any goods into the United States with the intent to unload them.

12. Section 560.315 is amended to revise the section heading and paragraphs (a) introductory text, (b) introductory text, and (b)(1) to read as follows:

**§ 560.315 Information and informational materials.**

(a) The term *information and informational materials* includes:

(b) The term *information and informational materials*, with respect to exports, does not include items:

(1) That were, as of April 30, 1994, or that thereafter become, controlled for export pursuant to section 5 of the Export Administration Act of 1979 (50 U.S.C. App. 2401-2420, the "EAA"), or section 5 of the EAA to the extent that such controls promote the nonproliferation or antiterrorism policies of the United States; or

**§ 560.318 [Removed and reserved]**

13. Section 560.318 is removed and reserved.

14. Section 559.319 is revised to read as follows:

**§ 560.319 United States depository institution.**

The term *United States depository institution* means any entity (including

its foreign branches) organized under the laws of any jurisdiction within the United States, or any agency, office or branch located in the United States of a foreign entity, that is engaged primarily in the business of banking (for example, banks, savings banks, savings associations, credit unions, trust companies and United States bank holding companies).

**Subpart D—Interpretations**

15. Section 560.403 is added to subpart D to read as follows:

**§ 560.403 Transshipment through Iran.**

The prohibitions in §§ 560.204, 560.206 and 560.208 apply to export, reexport or supply transactions which require a transshipment or transit of goods or technology through Iran to third countries.

16. Section 560.406 is revised to read as follows:

**§ 560.406 Transshipment or transit through United States prohibited.**

(a) The prohibitions in § 560.201 apply to the importation into the United States, for transshipment or transit, of Iranian-origin goods or goods owned or controlled by the Government of Iran which are intended or destined for third countries.

(b) The prohibitions in § 560.204 apply to the transshipment or transit of foreign goods through the United States which are intended or destined for Iran or the Government of Iran, including entities owned or controlled by the Government of Iran.

17. Section 560.410 is revised to read as follows:

**§ 560.410 Exportation, reexportation, sale or supply of services.**

(a) The prohibition on the exportation, reexportation, sale or supply of services contained in § 560.204 applies to services performed on behalf of a person in Iran or the Government of Iran or where the benefit of such services is otherwise received in Iran, if such services are performed:

- (1) In the United States, or
- (2) Outside the United States by a United States person, including by an overseas branch of an entity located in the United States.

(b) The benefit of services performed anywhere in the world on behalf of the Government of Iran is presumed to be received in Iran.

(c) *Example.* A United States person is engaged in a prohibited exportation of services to Iran when it extends credit to a third-country firm specifically to enable that firm to manufacture goods

for sale to Iran or for an entity of the Government of Iran. See also § 560.416.

**§ 560.411 [Removed and reserved]**

18. Section 560.411 is removed and reserved.

19. Section 560.412 is revised to read as follows:

**§ 560.412 Extensions of credit or loans to Iran.**

(a) The prohibitions contained in §§ 560.204 and 560.207 apply to but are not limited to the unauthorized renewal or rescheduling of credits or loans in existence as of May 6, 1995, such as the extension of a standby letter of credit.

(b) The prohibitions contained in § 560.209 apply, among other things, to the unauthorized renewal or rescheduling of credits or loans in existence as of March 15, 1995.

(c) The prohibitions contained in §§ 560.204, 560.207 and 560.209 apply to, among other things, credits or loans in any currency.

20. Section 560.414 is revised to read as follows:

**§ 560.414 Reexportation of certain U.S.-origin goods exported prior to May 7, 1995.**

The prohibitions on reexportation in § 560.205 do not apply to United States-origin goods or technology that were exported from the United States prior to 12:01 a.m., Eastern Daylight Time, May 7, 1995, if:

(a) Such goods or technology were not the property of a United States person as of 12:01 a.m., Eastern Daylight Time, May 7, 1995; and

(b) The reexportation of the U.S.-origin goods or technology to Iran or the Government of Iran was not subject to reexport (as opposed to export) license application requirements under U.S. regulations in effect prior to May 6, 1995.

**Notes to § 560.414.**

1. The exclusion in this section applies, among other things, to goods that were as of May 6, 1995, classified under the U.S. Department of Commerce's Export Administration Regulations (15 CFR parts 730-774) as ECCNs 2A994; 3A993; 5A992; 5A995; 6A990; 6A994; 7A994; 8A992; 8A994; 9A990; 9A992; and 9A994, that were exported from the United States prior to 12:01 a.m., Eastern Daylight Time, May 7, 1995, and were not the property of a United States person as of 12:01 a.m., Eastern Daylight Time, May 7, 1995. As of April 26, 1999, items covered by this note are classified under ECCNs 2A994; 3A992.a; 5A991.f; 5A992; 6A991; 6A998; 7A994; 8A992.d, e, f and g; 9A990.a and .b; and 9A991.d and .e.

2. A reexportation of U.S.-origin goods or technology which meets the conditions of paragraph (a) of this section, or which is not within the scope of § 560.205, nevertheless

may require specific authorization by other agencies of the U.S. Government for reexportation to Iran or the Government of Iran. For example, items which meet the conditions of paragraph (a) may nevertheless require an export license under the Enhanced Proliferation Control Initiative provisions of the Export Administration Regulations (15 CFR part 744).

21. Section 560.416 is added to subpart D to read as follows:

**560.416 Brokering services.**

(a) For purposes of the prohibitions in §§ 560.201, 560.204, 560.205, 560.206 and 560.208, the term *services* includes performing a brokering function.

(b) *Examples.* A person within the United States, or a United States person, wherever located, may not:

- (1) Act as broker for the provision of goods, services or technology, from whatever source, to or from Iran or the Government of Iran;
- (2) Act as broker for the purchase or swap of crude oil of Iranian origin or owned or controlled by the Government of Iran;
- (3) Act as broker for the provision of financing, a financial guarantee or an extension of credit by any person to Iran or the Government of Iran;
- (4) Act as a broker for the provision of financing, a financial guarantee or an extension of credit to any person specifically to enable that person to construct or operate a facility in Iran or owned or controlled by the Government of Iran; or
- (5) Act as a broker for the provision of financing, a financial guarantee, or an extension of credit to any person specifically to enable that person to provide goods, services, or technology intended for Iran or the Government of Iran.

22. Section 560.417 is added to subpart D to read as follows:

**§ 560.417 Facilitation; change of policies and procedures; referral of business opportunities offshore.**

With respect to § 560.208, a prohibited facilitation or approval of a transaction by a foreign person occurs, among other instances, when a United States person:

- (a) Alters its operating policies or procedures, or those of a foreign affiliate, to permit a foreign affiliate to accept or perform a specific contract, engagement or transaction involving Iran or the Government of Iran without the approval of the United States person, where such transaction previously required approval by the United States person and such transaction by the foreign affiliate would be prohibited by this part if

performed directly by a United States person or from the United States:

(b) Refers to a foreign person purchase orders, requests for bids, or similar business opportunities involving Iran or the Government of Iran to which the United States person could not directly respond as a result of the prohibitions contained in this part; or

(c) Changes the operating policies and procedures of a particular affiliate with the specific purpose of facilitating transactions that would be prohibited by this part if performed by a United States person or from the United States.

23. Section 560.418 is added to subpart D to read as follows:

**§ 560.418 Release of technology or software in the United States or a third country.**

The release of technology or software in the United States, or by a United States person wherever located, to any person violates the prohibitions of this part if made with knowledge or reason to know the technology is intended for Iran or the Government of Iran, unless that technology or software meets the definition of *information and informational materials* in § 560.315. See § 560.511.

**Notes to § 560.418.**

1. The U.S. Department of Commerce's Bureau of Export Administration requires a license for the release in the United States (or in a third country) to a foreign national of technology if both of the following conditions are met:

(a) That technology would require a license for exportation (or reexportation) to the home country of the foreign national; and

(b) The foreign national is not a citizen or permanent resident of the United States (or of the third country) or is not a protected individual under the Immigration and Naturalization Act (8 U.S.C. § 1324(b)(3)). See 15 CFR 734.2(b)(2)(ii) and 734.2(b)(5).

2. The transfer to a foreign national of technology subject to regulations administered by the U.S. Department of State or other agencies of the U.S. Government may require authorization by those agencies.

24. Section 560.419 is added to subpart D to read as follows:

**§ 560.419 U.S. employment of persons normally located in Iran.**

The prohibitions in § 560.201 make it unlawful to hire an Iranian national normally located in Iran to come to the United States solely or for the principal purpose of engaging in employment on behalf of an entity in Iran or as the employee of a U.S. person, unless that employment is authorized pursuant to a visa issued by the U.S. State Department or by § 560.505. See also § 560.418 with respect to the release of technology and software.

25. Section 560.420 is added to subpart D to read as follows:

**§ 560.420 Reexportation by non-U.S. persons of certain foreign-made products containing U.S.-origin goods or technology.**

For purposes of satisfying the de minimis content rule in § 560.205(b)(2):

(a) U.S.-origin goods (excluding software) falling within the definition in § 560.205 must comprise less than 10 percent of the foreign-made good (excluding software);

(b) U.S.-origin software falling within the definition in § 560.205 must comprise less than 10 percent of the foreign-made software;

(c) U.S.-origin technology falling within the definition in § 560.205 must comprise less than 10 percent of the foreign-made technology; and

(d) In cases involving a complex product made of a combination of U.S.-origin goods (including software) and technology falling within the definition in § 560.205, the aggregate value of all such U.S.-origin goods (including software) and such technology contained in the foreign-made product must be less than 10 percent of the total value of the foreign-made product. **Notes to § 560.420.**

1. Notwithstanding the exceptions contained in § 560.205(b)(1) and (b)(2) and this section, a reexportation to Iran or the Government of Iran of U.S.-origin items falling within the definition in § 560.205 is prohibited if those U.S.-origin goods (including software) or that technology have been substantially transformed or incorporated into a foreign-made end product which is destined to end uses or end users prohibited under regulations administered by other U.S. Government agencies. See, e.g., the Export Administration Regulations (31 CFR 736.2(b)(5), 744.2, 744.3, 744.4, 744.7, and 744.10); International Traffic in Arms Regulations (22 CFR 123.9).

2. A reexportation not prohibited by § 560.205 may nevertheless require authorization by the U.S. Department of Commerce, the U.S. Department of State or other agencies of the U.S. Government.

3. The provisions of § 560.205 and this section apply only to persons other than United States persons.

**Subpart E—Licenses, Authorizations and Statements of Licensing Policy**

26. Section 560.501 is amended by adding paragraphs (d) and (e) to read as follows:

**§ 560.501 Effect of license or authorization.**

(d) Specific licenses issued prior to 12:01 a.m., Eastern Daylight Time, August 20, 1997, continue in effect in accordance with their terms except to

the extent specifically revoked, amended, or modified by the Office of Foreign Assets Control.

(e) Nothing contained in this part shall be construed to supersede the requirements established under any other provision of law or to relieve a person from any requirement to obtain a license or other authorization from another department or agency of the U.S. Government in compliance with applicable laws and regulations subject to the jurisdiction of that department or agency. For example, exports of goods, services, or technical data which are not prohibited by this part or which do not require a license by the Office of Foreign Assets Control, nevertheless may require authorization by the U.S. Department of Commerce, the U.S. Department of State or other agencies of the U.S. Government. See also § 560.701(d).

27. Section 560.505 is revised to read as follows:

**§ 560.505 Importation of certain Iranian-origin services authorized; activities related to certain visa categories authorized.**

(a) The importation of Iranian-origin services into the United States or other dealing in such services is authorized where such services are performed in the United States by an Iranian citizen or national for the purpose of, or which directly relate to, participating in a public conference, performance, exhibition or similar event, and such services are consistent with that purpose.

(b) Persons otherwise qualified for a non-immigrant visa under categories A-3 and G-5 (attendants, servants and personal employees of aliens in the United States on diplomatic status), D (crewmen), F (students), I (information media representatives), J (exchange visitors), M (non-academic students), O and P (aliens with extraordinary ability, athletes, artists and entertainers), Q (international cultural exchange visitors), R (religious workers), or S (witnesses) are authorized to carry out in the United States those activities for which such a visa has been granted by the U.S. State Department.

(c) Persons otherwise qualified for a visa under categories E-2 (treaty investor), H-1b (temporary worker), or L (intra-company transferee) and all immigrant visa categories are authorized to carry out in the United States those activities for which such a visa has been granted by the U.S. State Department, provided that the persons are not coming to the United States to work as an agent, employee or contractor of the Government of Iran or a business entity or other organization in Iran.

28. Section 560.506 is revised to read as follows:

**§ 560.506** Importation and exportation of certain gifts authorized.

The importation into the United States of Iranian-origin goods from Iran or a third country, and the exportation from the United States to Iran of goods, are authorized for goods sent as gifts to persons provided that the value of the gift is not more than \$100; the goods are of a type and in quantities normally given as gifts between individuals; and the goods are not controlled for chemical and biological weapons (CB), missile technology (MT), national security (NS), or nuclear proliferation (NP). See Commerce Control List, Export Administration Regulations (15 CFR part 774).

29. Section 560.509 is amended by revising paragraph (a)(1) as follows:

**§ 560.509** Certain transactions related to patents, trademarks and copyrights authorized.

(a) \* \* \*

(1) The filing and prosecution of any application to obtain a patent, trademark, copyright or other form of intellectual property protection, including importation of or dealing in Iranian-origin services, payment for such services, and payment to persons in Iran directly connected to such intellectual property protection:

30. Section 560.511 is added to read as follows:

**§ 560.511** Exportation or supply of insubstantial United States content for use in foreign-made products or technology.

(a) Except as provided in paragraph (b) of this section and notwithstanding the prohibitions in § 560.204, the exportation or supply of goods or technology from the United States, or by a United States person wherever located, for substantial transformation or incorporation into a foreign-made end product in a country other than the United States or Iran, intended specifically or predominantly for Iran or the Government of Iran, is permitted under this part where the exporter has ascertained that all of the following are the case:

(1) The U.S.-origin goods or technology being exported for substantial transformation or incorporation abroad were not subject to export license application requirements under any United States regulations in effect on May 6, 1995, or were not thereafter made subject to such regulations imposed independently of this part:

(2) With respect to the foreign-made end product:

(i) U.S.-origin goods (excluding software) comprise less than 10 percent of the foreign-made good (excluding software);

(ii) U.S.-origin software comprises less than 10 percent of the foreign-made software;

(iii) U.S.-origin technology comprises less than 10 percent of the foreign-made technology; and

(iv) In cases involving a complex product made of a combination of goods (including software) and technology, the aggregate value of all U.S.-origin goods (including software) and technology contained in the foreign-made end product is less than 10 percent of the total value of the foreign-made product;

(3) The foreign-made end product is not destined to end uses or end users prohibited under regulations administered by other U.S. Government agencies. See, e.g., the Export Administration Regulations (31 CFR 736.2(b)(5), 744.2, 744.3, 744.4, 744.7, and 744.10); International Traffic in Arms Regulations (22 CFR 123.9);

(4) The foreign-made end product is not intended for use in the Iranian petroleum or petrochemical industry. For this purpose, products intended for use in the Iranian petroleum or petrochemical industry include not only products uniquely suited for use in those industries, such as oilfield services equipment, but also goods and technology for use in products, such as computers, office equipment, construction equipment, or building materials, which are suitable for use in other industries but which are intended specifically for use in the petroleum or petrochemical industries.

(b) The authorization contained in this section is not available if the foreign-made end product is of a type which other U.S. Government agencies make ineligible for de minimis U.S.-origin content. See, e.g., the Export Administration Regulations (15 CFR 734.4(a) and (b)); International Traffic in Arms Regulations (22 CFR 123.9).

Note to § 560.511. An exportation authorized by this section may nevertheless require authorization by the U.S. Department of Commerce, the U.S. Department of State or other agencies of the U.S. Government.

31. Paragraph (d) of § 560.515 removed, and paragraph (a) is revised to read as follows:

**§ 560.515** 30-day delayed effective date for pre-May 7, 1995 trade contracts involving Iran.

(a) All transactions necessary to complete performance of a trade contract entered into prior to May 7,

1995, and involving Iran (a pre-existing trade contract), including the exportation of goods, services (including financial services), or technology from the United States that was authorized pursuant to Federal regulations in force immediately prior to May 6, 1995, or performance under a pre-existing trade contract for transactions in Iranian-origin or Government of Iran-owned or controlled goods or services that do not involve importation into the United States, are authorized without specific licensing by the Office of Foreign Assets Control if the conditions in paragraph (a)(1) or (a)(2) of this section are met:

(1) If the pre-existing trade contract is for an exportation of goods or technology from the United States that was authorized pursuant to Federal regulations in force immediately prior to May 6, 1995, the goods or technology must be exported from the United States prior to 12:01 a.m. Eastern Daylight Time, June 6, 1995, and all other activity by U.S. persons that is necessary and incidental to the performance of the pre-existing trade contract (other than payment under a financing contract) must be completed prior to 12:01 a.m. Eastern Daylight Time, August 6, 1995; or

(2) All obligations under a pre-existing trade contract (other than payment under a financing contract) must be fully completed prior to 12:01 a.m. Eastern Daylight Time, June 6, 1995, if the pre-existing trade contract is for one of the following:

(i) The exportation of services from the United States benefitting a person in Iran or the Government of Iran;

(ii) The reexportation of goods or technology to Iran, the Government of Iran, or an entity owned or controlled by the Government of Iran that was authorized pursuant to Federal regulations in force immediately prior to May 6, 1995; or

(iii) Transactions relating to goods or services of Iranian origin or owned or controlled by the Government of Iran other than transactions relating to importation into the United States of such goods or services.

32. Section 560.516 is amended by revising paragraphs (a)(3), (a)(4), and (b) to read as follows:

**§ 560.516** Payment and United States dollar clearing transactions involving Iran.

(a) \* \* \*

(3) The transfer arises from an underlying transaction that is not prohibited by this part, such as a non-commercial remittance to or from Iran (e.g., a family remittance not related to a family-owned enterprise); a U.S.-

related commercial transfer not prohibited by this part (see, e.g., § 560.515(b)); or a third-country transaction not prohibited by this part:

(4) The transfer arises from an underlying transaction that is exempted from regulation pursuant to § 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)), such as an exportation to Iran or importation from Iran of information and informational materials, a travel-related remittance, or payment for the shipment of a donation of articles to relieve human suffering.

(b) Before a United States depository institution initiates a payment on behalf of any customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States depository institution must determine that the underlying transaction is not prohibited by this part.

33. Section 560.523 is revised to read as follows:

**§ 560.523 Exportation of equipment and services relating to information and informational materials.**

Specific licenses may be issued on a case-by-case basis for the exportation of equipment and services necessary for the establishment of news wire feeds or other transmissions of information and informational materials.

34. Section 560.529 is added to subpart E to read as follows:

**§ 560.529 Bankering and emergency repairs.**

Goods or services provided in the United States to a non-Iranian carrier transporting passengers or goods to or from Iran are permissible if they are:

- (a) Bankers or bunkering services;
- (b) Supplied or performed in the course of emergency repairs; or
- (c) Supplied or performed under circumstances which could not be anticipated prior to the carrier's departure for the United States.

35. An appendix to this part is added at the end thereof to read as follows:

**Appendix to Part 560—Financial Institutions Determined to be Owned or Controlled by the Government of Iran**

This appendix lists financial institutions determined by the Office of Foreign Assets Control to be entities owned or controlled by the Government of Iran within the meaning of § 560.313. The names and addresses represent the most complete list available at this time. Unless otherwise indicated, the financial institutions listed below are considered to be entities owned or controlled by the Government of Iran when they operate, not only from the locations listed

below, but also from any other location. The names and addresses are subject to change, and the Office of Foreign Assets Control will update the list as needed.

1. AGRICULTURAL COOPERATIVE BANK OF IRAN (a.k.a. BANK TAAVON KESHAVARZI IRAN), No. 129 Parice Lurmumba Street, Jalal-Ahmad Expressway, P.O. Box 14155/6395, Tehran, Iran
2. AGRICULTURAL DEVELOPMENT BANK OF IRAN (a.k.a. BANK JOSIATYI KESHAVARZI), Farahzad Expressway, Tehran, Iran
3. BANK JOSIATYI KESHAVARZI (a.k.a. AGRICULTURAL DEVELOPMENT BANK OF IRAN), Farahzad Expressway, Tehran, Iran
4. BANK MARKAZI JOMHOURI ISLAMI IRAN (a.k.a. THE CENTRAL BANK OF IRAN), Ferdowsi Avenue, P.O. Box 11365-8551, Tehran, Iran
5. BANK MASKAN (a.k.a. HOUSING BANK (of Iran)), Ferdowsi St., Tehran, Iran
6. BANK MELLAT, Park Shahr, Vazresh Avenue, P.O. Box 11365/5964, Tehran, Iran, and all offices worldwide, including, but not limited to:
  - a. BANK MELLAT (Branch), Ziya Gokalp Bulvari No. 12, Kizilay, Ankara, Turkey
  - b. BANK MELLAT (Branch), Birbir Cicek Sokak, Buyukdere Caddesi, P.O. Box 67, Levant, Istanbul, Turkey
  - c. BANK MELLAT (Branch), 48 Gresham Street, London EC2V 7AX, England
7. BANK MELLAT, P.O. Box 11365-171, Ferdowsi Avenue, Tehran, Iran, and all offices worldwide, including, but not limited to:
  - a. BANK MELLAT (Branch), 4 Moorgate, London EC2R 6AL, England
  - b. BANK MELLAT (Branch), Schadowplatz 12, 4000 Dusseldorf 1, Germany
  - c. BANK MELLAT (Branch), Friedenstrasse 4, P.O. Box 160 154, 6000 Frankfurt am Main, Germany
  - d. BANK MELLAT (Branch), P.O. Box 112129, Holzbruecke 2, 2000 Hamburg 11, Germany
  - e. BANK MELLAT (Branch), Odeonsplatz 18, 8000 Munich 22, Germany
  - f. BANK MELLAT (Branch), 43 Avenue Montaigne, 75008 Paris, France
  - g. BANK MELLAT (Branch), 601 Gloucester Tower, The Landmark, 11 Pedder Street, P.O. Box 720, Hong Kong
  - h. BANK MELLAT (Representative Office), 333 New Tokyo Building, 3-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan
  - i. BANK MELLAT (Representative Office), 818 Wilshire Boulevard, Los Angeles, California 90017, U.S.A.
  - j. BANK MELLAT (Representative Office), 767 Fifth Avenue, 44th Floor, New York, New York 10153, U.S.A.
  - k. BANK MELLAT (Representative Office), Smolensky Boulevard 22/14, Kv. S., Moscow, Russia
- l. BANK MELLAT (Branch), Flat No. 1, First Floor, 8 Al Sad El-Aaly, Dokki, P.O. Box 2654, Cairo, Egypt
- m. BANK MELLAT (Branch), Ben Yas Street, P.O. Box No. 1894, Riga Deira, Dubai, U.A.E.

- n. BANK MELLAT (Branch), P.O. Box 2656, Shaikha Maryam Building, Liwa Street, Abu Dhabi, U.A.E.
- o. BANK MELLAT (Branch), B.P.O. Box 1888, Clock Tower, Industrial Road, Al-Ain Club Building in from Emretel Al Ain, Al Ain, Abu Dhabi, U.A.E.
- p. BANK MELLAT (Branch), P.O. Box 1894, Riga, Ban Yas Street, Deira, Dubai, U.A.E.
- q. BANK MELLAT (Branch), Mohd-Habib Building, Al-Fahidi Street, P.O. Box 3093, Bur Dubai, Dubai, U.A.E.
- r. BANK MELLAT (Branch), P.O. Box 248, Fujairah, U.A.E.
- s. BANK MELLAT (Branch), Sami Sagar Building Oman Street Al-Nakheel, P.O. Box 5270, Ras-Al Khaimah, U.A.E.
- t. BANK MELLAT (Branch), P.O. Box 459, Al Bory Street, Sharjah, U.A.E.
- u. BANK MELLAT (Branch), P.O. Box 785, Government Road, Shaikh Mubarak Building, Manama, Bahrain
- v. BANK MELLAT (Branch), P.O. Box 23309, Shaikh Salman Street, Road No. 1129, Muharrag 211, Bahrain
- w. BANK MELLAT (Branch), P.O. Box 5643, Moosa Abdul Rehman Hassan Building, 238 Al Burj St., Ruwi, Muscat, Oman
8. BANK OF INDUSTRY AND MINE (of Iran) (a.k.a. BANK SANAT VA MADAN), Hafez Avenue, P.O. Box 11365/4978, Tehran, Iran
9. BANK REFAH KARGARAN (a.k.a. WORKERS WELFARE BANK (of Iran)), Mofteah No. 125, P.O. Box 15815 1866, Tehran, Iran
10. BANK SADERAT IRAN, Bank Saderat Tower, P.O. Box 15745-631, Somayeh Street, Tehran, Iran, and all offices worldwide, including, but not limited to:
  - a. BANK SADERAT IRAN (Branch), Hamdam Street, Airport Road Intersection, P.O. Box 700, Abu Dhabi, U.A.E.
  - b. BANK SADERAT IRAN (Branch), Al-Am Road, P.O. Box 1140, Al Ein, Abu Dhabi, U.A.E.
  - c. BANK SADERAT IRAN (Branch), Liwara Street, P.O. Box 16, Ajman, U.A.E.
  - d. BANK SADERAT IRAN (Branch), 3rd Floor Dom Dasaf Building, Mejoka Street 7A, Ashkhabad, Turkmenistan
  - e. BANK SADERAT IRAN (Branch), 25-29 Panepistimiou Street, P.O. Box 4308, GR-10210, Athens 10672, Greece
  - f. BANK SADERAT IRAN (Branch), Imam Ali Street, Sahat Yaghi, Ras Elain-Aleksisad Building 2nd Floor, Baalbeck, Lebanon
  - g. BANK SADERAT IRAN (Branch) and Offshore Banking Unit, 106 Government Road, P.O. Box 825, Manama Town 316, Bahrain
  - h. BANK SADERAT IRAN (Branch), Hamra Pavilion Street, Savvagh and Daaboul Building 1st Floor, P.O. Box 113-6717, Beirut, Lebanon
  - i. BANK SADERAT IRAN (Branch), Alghobairi Boulevard, Beirut, Lebanon
  - j. BANK SADERAT IRAN (Branch), 28 Sherif Street, P.O. Box 462, Cairo, Egypt
  - k. BANK SADERAT IRAN (Branch), Old Ben-Ghanem Street (next to God Market), P.O. Box 2256, Doha, Qatar
  - l. BANK SADERAT IRAN (Branch), Almakhtoum Road, P.O. Box 4182, Deira, Dubai, U.A.E.

- m. BANK SADERAT IRAN (Branch), Bazar Murshid, P.O. Box 4182, Deira, Dubai, U.A.E.
- n. BANK SADERAT IRAN (Branch), Alfahid Road, P.O. Box 4182, Bur Dubai, Dubai, U.A.E.
- o. BANK SADERAT IRAN (Branch), Sherea Shekikh Zayad Street, P.O. Box 55, Fujairah, U.A.E.
- p. BANK SADERAT IRAN (Branch), Wilhelm Leuschner Strasse 41, P.O. Box 180151, W-9000 Frankfurt am Main, Germany
- q. BANK SADERAT IRAN (Branch), P.O. Box 112227, Hopfenhof Passage, Kleiner Busah 6-10, W-2000 Hamburg 11, Germany
- r. BANK SADERAT IRAN (Branch), Lothbury, London EC2R 7HD, England
- s. BANK SADERAT IRAN (Representative Office), 707 Wilshire Boulevard, Suite 4880, Los Angeles, California 90017, U.S.A.
- t. BANK SADERAT IRAN (Representative Office), 55 East 59th Street, 16th Floor, New York, New York 10022, U.S.A.
- u. BANK SADERAT IRAN (Branch), P.O. Box 4269, Mutrah, Muscat, Oman
- v. BANK SADERAT IRAN (Branch), 16 Rue de la Paix, Paris 2eme, 75002 Paris, France
- w. BANK SADERAT IRAN (Branch), Alaroba Road, P.O. Box 316, Sharjah, U.A.E.
11. BANK SANAT VA MADAN (a.k.a. BANK OF INDUSTRY AND MINE (of Iran)), Hafez Avenue, P.O. Box 11365/4978, Tehran, Iran
12. BANK SEPAH, Emam Khomeini Square, P.O. Box 11364, Tehran, Iran, and all offices worldwide, including, but not limited to:
- a. BANK SEPAH (Branch), Muenchener Strasse 49, P.O. Box 1003 47, W-6000 Frankfurt am Main 1, Germany
- b. BANK SEPAH (Branch), 5/7 Eascheep, EC3M 1JT London, England
- c. BANK SEPAH (Representative Office), 650 Fifth Avenue, New York, New York 10019, U.S.A.
- d. BANK SEPAH (Branch), 17 Place Vendome, 75001 Paris, France.
- e. BANK SEPAH (Branch), Via Barberini 50, 00187 Rome, Italy
- f. BANK SEPAH (Representative Office), Ufficio di Rappresentanza Za, Via Ugo Foscolo 1, 20121 Milan, Italy
13. BANK TAAVON KESHAVERZI IRAN (a.k.a. AGRICULTURAL COOPERATIVE BANK OF IRAN) No. 129 Patrice Lumumba Street, Jalal-Ahmad Expressway, P.O. Box 14155/6395, Tehran, Iran
14. BANK TEJARAT, 130 Taleghani Avenue, Nejaoullahie, P.O. Box 11365-5416, Tehran, Iran, and all offices worldwide, including, but not limited to:
- a. BANK TEJARAT (Branch), 6/8 Clements Lane, London EC4N 7AP, England
- b. BANK TEJARAT (Branch), 44 Avenue des Champs Elysees, 75008 Paris, France
15. DEUTSCH-IRANISCHE HANDELSBANK AG (n.k.a. EUROPAEISCH-IRANISCHE HANDELSBANK AG) Depenau 2, W-2000 Hamburg 1, Germany, and all offices worldwide, including, but not limited to:

- a. DEUTSCH-IRANISCHE HANDELSBANK AG (n.k.a. EUROPAEISCH-IRANISCHE HANDELSBANK AG) (Representative Office), 23 Argentine Square, Beihaghi Bulvard, P.O. Box 15815/1787, Tehran 15148, Iran
16. EUROPAEISCH-IRANISCHE HANDELSBANK AG (f.k.a. DEUTSCH-IRANISCHE HANDELSBANK AG) Depenau 2, W-2000 Hamburg 1, Germany, and all offices worldwide, including, but not limited to:
- a. EUROPAEISCH-IRANISCHE HANDELSBANK AG (f.k.a. DEUTSCH-IRANISCHE HANDELSBANK AG) (Representative Office), 23 Argentine Square, Beihaghi Bulvard, P.O. Box 15815/1787, Tehran 15148, Iran
17. HOUSING BANK (of Iran) (a.k.a. BANK MASKAN), Ferdowsi St., Tehran, Iran
18. IRAN OVERSEAS INVESTMENT BANK LIMITED (f.k.a. IRAN OVERSEAS INVESTMENT CORPORATION LIMITED), 120 Moorgate, London EC2M 6TS, England, and all offices worldwide, including, but not limited to:
- a. IRAN OVERSEAS INVESTMENT BANK LIMITED (Representative Office), 1137 Avenue Valli Ast off Park-e-SAIL, P.O. Box 15115/531, Tehran, Iran
- b. IRAN OVERSEAS INVESTMENT BANK LIMITED (Agency), Suite 3c Olympia House, 61/63 Dame Street, Dublin 2, Ireland
- c. IRAN OVERSEAS INVESTMENT BANK LIMITED (Agency), Improgetti, Via Germanico 24, 00192 Rome, Italy
- d. IRAN OVERSEAS TRADING COMPANY LIMITED (Subsidiary), 120 Moorgate, London EC2M 6TS, England
- e. IRAN OVERSEAS INVESTMENT CORPORATION LIMITED (n.k.a. IRAN OVERSEAS INVESTMENT BANK LIMITED), 120 Moorgate, London EC2M 6TS, England
19. THE CENTRAL BANK OF IRAN (a.k.a. BANK MARKAZI JOMHOURI ISLAMI IRAN), Ferdowsi Avenue, P.O. Box 11365-8551, Tehran, Iran
20. WORKERS WELFARE BANK (of Iran) (a.k.a. BANK REFAH KARGARAN), Mofattah No. 125, P.O. Box 15815 1866, Tehran, Iran

Dated: March 25, 1999.  
**R. Richard Newcomb,**  
*Director, Office of Foreign Assets Control.*  
 Approved: March 31, 1999.  
**Elisabeth A. Bresee,**  
*Assistant Secretary (Enforcement),  
 Department of the Treasury.*  
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## DEPARTMENT OF TRANSPORTATION

## Coast Guard

## 33 CFR Part 110

[CGD97-99-003]

RIN 2115-AA98

## Anchorage Grounds; Port Everglades, FL

AGENCY: Coast Guard, DOT.

ACTION: Final rule.

**SUMMARY:** The Coast Guard is amending the Anchorage Regulations for Port Everglades, FL. The amendment is needed to strengthen existing anchoring requirements and guidelines in order to provide a higher degree of protection to the coastal area during periods of adverse weather which would cause anchored vessels to drag anchor and strike other vessels, or become grounded.

**DATES:** This rule becomes effective May 26, 1999.

**FOR FURTHER INFORMATION CONTACT:** CWO Marcos DeJesus, Coast Guard Marine Safety Office Miami, at (305) 535-8762.

**SUPPLEMENTARY INFORMATION:****Regulatory History**

The Coast Guard published a Notice of Proposed Rulemaking in the *Federal Register* on January 26, 1999 (64 FR 3889) proposing to amend the Anchorage Regulations for Port Everglades. No comments were received during the comment period.

**Background and Purpose**

The east coast of Florida is susceptible to many erratic weather changes, and mariners who are not vigilant to the seas often discover themselves in dangerous situations. In recent years, a number of vessel groundings have resulted from vessels dragging anchor and drifting into the beach or onto reefs during bad weather. These amendments are intended to reduce these incidents by modifying the existing anchoring requirements and guidelines to account for possible adverse weather situations. The amended regulations will require vessels to notify the Captain of the Port when entering the anchorage areas and when any casualty or work affects the main propulsion or steering equipment. The proposed regulations will also require vessels to have an English speaking watchstander monitor Channel 16 VHF at all times.