

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 79-187

November 26, 1979

IRANIAN ASSETS CONTROL REGULATIONS

TO ALL BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Enclosed is the text of the Iranian Assets Control Regulations promulgated by the Office of Foreign Assets Control, U. S. Treasury Department, as published in the Federal Register of November 15, 1979.

The regulations, as described by the Treasury, include general licenses that, in part:

1. Authorize (Sec. 535.531), until December 14, 1979, payments from blocked Iranian accounts in connection with checks and drafts drawn or issued prior to November 14, 1979, provided:
 - a. the amount involved in any one payment does not exceed \$500, or the check or draft was within the United States in the process of collection by a domestic bank on or prior to the effective date and does not exceed \$50,000, and
 - b. no payments to Iran or any Iranian entity are authorized except by deposit into a blocked account in a domestic bank unless Iran or the Iranian entity is otherwise licensed to receive such payment.

2. Authorize (Sec. 535.532) the completion, on or before November 21, 1979, of purchases or sales made prior to November 14, 1979, of securities purchased or sold for the account of Iran or an Iranian entity, provided that:
 - a. the proceeds of such sales are credited to a blocked account in the same name of the person for whose account the sale was made, and
 - b. any securities so purchased are held in such blocked account.

3. Authorize (Sec. 535.901) domestic banks to effect withdrawals or other transfers from any account held in the name of a non-Iranian bank located in a foreign country unless that non-Iranian foreign bank is a person subject to U. S. jurisdiction.

In our Circular No. 79185 dated November 19, 1979, you were furnished amendments adding Sections 535.320, 535.508, 535.533, 535.903, 535.904 and 535.902 to the regulation. Enclosed is a Treasury Department announcement providing the text of additional amendments effective November 19, 1979.

Sincerely yours,

Robert H. Boykin

First Vice President

Enclosures

DEPARTMENT OF THE TREASURY
Office of Foreign Assets Control
31 CFR Part 535
Iranian Assets Control Regulations

AGENCY: Office of Foreign Assets Control.

ACTION: Final rule.

SUMMARY: The Office of Foreign Assets Control is amending the Iranian Assets Control Regulations. The purpose of the amendments is to make available to the public certain basic definitions, interpretations, general licenses, and procedures contained in sections that were reserved when the Regulations were issued on November 15, 1979 (44 Fed. Reg. 65956). The need for the amendments is that the Regulations, as published contemporaneously with Executive Order 12170 declaring a national emergency and blocking Iranian assets, of necessity omitted certain essential provisions. These include definitions, interpretations, general licenses, and procedures which affected persons need in order to fully understand and properly comply with the Regulations. The effect of the amendments is that business enterprises, attorneys, and other members of the public will have available to them appropriate guidance on the proper interpretation of the Regulations, the standards and procedures for obtaining specific licenses, and other matters.

EFFECTIVE DATE: November 19, 1979

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: Since the regulations involve a foreign affairs function, the provisions of the Administrative Procedure Act, 5 U.S.C. 553, requiring notice of proposed rulemaking, the opportunity for public participation and a delay in effective date are inapplicable.

The Iranian Assets Control Regulations are amended by the addition of the following sections:

Subpart C -- General Definitions

§535.316 License.

Except as otherwise specified, the term "license" shall mean any license or authorization contained in or issued pursuant to this part.

§535.317 General license.

A general license is any license or authorization the terms of which are set forth in this part.

§535.318 Specific license.

A specific license is any license or authorization issued pursuant to this part but not set forth in this part.

§535.320 Domestic bank.

(a) The term "domestic bank" shall mean any branch or office within the United States of any of the following which is not Iran or an Iranian entity: any bank or trust company incorporated under the banking laws of the United States or of any state, territory, or district of the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States or of any state, territory or district of the United States. The Secretary of the Treasury may also authorize any other banking institution to be treated as a

"domestic bank" for the purpose of this definition or for the purpose of any or all sections of this part.

(b) For purposes of §§535.413, 535.508, 535.531 and 535.901, the term "domestic bank" includes any branch or office within the United States of a non-Iranian foreign bank.

§535.321 United States; continental United States.

The term "United States" means the United States and all areas under the jurisdiction or authority thereof including the Trust Territory of the Pacific Islands. The term "continental United States" means the states of the United States and the District of Columbia.

§535.413 Transfers between dollar accounts held for foreign banks.

Transfers authorized by §535.901 include transfers by order of a non-Iranian foreign bank from its account in a domestic bank (directly or through a foreign branch or subsidiary of a domestic bank) to an account held by a domestic bank (directly or through a foreign branch or subsidiary) for a second non-Iranian foreign bank which in turn credits an account held by it abroad for Iran. For the purposes of this section, a non-Iranian foreign bank means a bank which is not a person subject to the jurisdiction of the United States.

Subpart E -- Licenses, Authorizations and Statements of Licensing Policy

§535.502 Effect of subsequent license or authorization.

(a) No license or other authorization contained in this part or otherwise issued by or under the direction of the Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act, shall be deemed to authorize or validate any transaction effected prior to

the issuance thereof, unless such license or other authorization specifically so provides.

(b) No regulation, ruling, instruction, or license authorizes a transaction prohibited under this part unless the regulation, ruling, instruction or license is issued by the Treasury Department and specifically refers to this part. No regulation, ruling, instruction or license referring to this part shall be deemed to authorize any transaction prohibited by any provision of Parts 500, 505, 515, 520 or 530 of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

§535.503 Exclusion from licenses and authorizations.

The Secretary of the Treasury reserves the right to exclude any person from the operation of any license or from the privileges therein conferred or to restrict the applicability thereof with respect to particular persons, transactions or property or classes thereof. Such action shall be binding upon all persons receiving actual notice or constructive notice thereof.

§535.566 Unblocking of foreign currency deposits held by U.S.-owned or controlled foreign firms.

Deposits held abroad in currencies other than U.S. dollars by branches and subsidiaries of persons subject to the jurisdiction of the United States are unblocked, provided however that conversions of blocked dollar deposits into foreign currencies are not authorized.

Subpart H -- Procedures

§535.801 Licensing.

(a) General licenses. General licenses have been issued authorizing under appropriate terms and conditions many types of transactions

which are subject to the prohibitions contained in Subpart B of this part. All such licenses are set forth in Subpart E of this part. It is the policy of the Office of Foreign Assets Control not to grant applications for specific licenses authorizing transactions to which the provisions of an outstanding general license are applicable. Persons availing themselves of certain general licenses are required to file reports and statements in accordance with the instructions specified in the licenses.

(b) Specific licenses -- (1) General course of procedure.

Transactions subject to the prohibitions contained in Subpart B of this part which are not authorized by general license may be effected only under specific license. The specific licensing activities of the Office of Foreign Assets Control are performed by its Washington Office and by the Federal Reserve Bank of New York. When an unusual problem is presented, the proposed action is cleared with the Director of the Office of Foreign Assets Control or such person as he may designate.

(2) Applications for specific licenses. Applications for specific licenses to engage in any transaction prohibited by or pursuant to this part are to be filed in duplicate on Form TFAC-27 with the Federal Reserve Bank of New York. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing the effecting of such transaction, and there is no requirement that any other person having an interest in such transaction shall or should join in making or filing such application.

(3) Information to be supplied. Applicant must supply all information specified by the respective forms and instructions. Such documents

as may be relevant shall be attached to each application as a part of such application except that documents previously filed with the Office of Foreign Assets Control may, where appropriate, be incorporated by reference. Applicants may be required to furnish such further information as is deemed necessary to a proper determination by the Office of Foreign Assets Control. If an applicant or other party in interest desires to present additional information or discuss or argue the application, he may do so at any time before or after decision. Arrangements for oral presentation should be made with the Office of Foreign Assets Control.

(4) Effect of denial. The denial of a license does not preclude the reopening of an application or the filing of a further application. The applicant or any other party in interest may at any time request explanation of the reasons for a denial by correspondence or personal interview.

(5) Reports under specific licenses. As a condition upon the issuance of any license, the licensee may be required to file reports with respect to the transaction covered by the license, in such form and at such times and places as may be prescribed in the license or otherwise.

(6) Issuance of license. Licenses will be issued by the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury or by the Federal Reserve Bank of New York, acting in accordance with such regulations, rulings and instructions as the Secretary of the Treasury or the Office of Foreign Assets Control may from time to time prescribe, in such cases or classes of cases as the Secretary of the Treasury or the Office of Foreign Assets Control may determine, or licenses may be issued by the Secretary of the Treasury acting directly or through any person, agency, or instrumentality designated by him.

§535.802 Unblocking

Any interested person desiring the unblocking of accounts or other property on the ground that neither Iran or any Iranian entity has an interest in the property may file such an application. Such application shall be filed in the manner provided in §535.801(b) and shall contain full information in support of the administrative action requested.

The applicant is entitled to be heard on the application. If the applicant desires a hearing, arrangements should be made with the Office of Foreign Assets Control.

§535.803 Decision.

The Office of Foreign Assets Control or the Federal Reserve Bank of New York will advise each applicant of the decision respecting applications filed by him. The decision of the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury with respect to an application shall constitute final agency action.

§535.804 Records and reporting.

Records are required to be kept by every person engaging in any transaction subject to the provisions of this part.

Reports may be required from any person with respect to any transaction subject to the provisions of this chapter or relative to any property in which any foreign country or any national thereof has any interest.

§535.805 Amendment, modification, or revocation.

The provisions of this part and any rulings, licenses, authorizations, instructions, orders, or forms issued thereunder may be amended, modified, or revoked at any time.

Dated: 19 NOV 1979

(s) Stanley L. Sommerfield
Stanley L. Sommerfield
Director

Approved: (s) Richard J. Davis
Richard J. Davis
Assistant Secretary