

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 80-93
May 12, 1980

IRANIAN ASSETS CONTROL REGULATIONS

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

**Enclosed are additional amendments effective April 30, 1980 to
the Treasury Department's Iranian Assets Control Regulations.**

Sincerely yours,

Robert H. Boykin

First Vice President

Enclosure

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 535

Iranian Assets Control Regulations

AGENCY: Office of Foreign Assets Control, Department of the Treasury.

ACTION: Final rule.

SUMMARY: The Office of Foreign Assets Control is amending the Iranian Assets Control Regulations. The purpose of the amendment is to add certain interpretative provisions, licenses and statements of licensing policy, and procedural provisions. The need for the amendment is to clarify the effect and scope of additional prohibitions added to the Regulations by amendments published on April 9 and 21, 1980. The effect of the amendment is that these additional interpretative, policy and procedural provisions will now be available in published form.

EFFECTIVE DATE: April 30, 1980.

FOR FURTHER INFORMATION CONTACT: Dennis M. O'Connell, Chief Counsel, Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220, (202) 376-0236.

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 rule making, opportunity for public participation and delay in effective date are inapplicable.

On April 9, 1980, the Office published §§535.206 and 535.207 imposing additional financial and trade sanctions on Iran (45 FR 24432). New §535.429 published today interprets the trade prohibition in §535.207(a) (1) as including the exportation of technical data in any form. New §535.430 further interprets the prohibition as including the sale, supply or other transfer of items, commodities or products for incorporation in foreign-manufactured goods where the U.S. exporter has reasonable cause to believe that the foreign-manufactured goods are intended for export to Iran.

New §535.575 is a general license for the exportation to Iran of newspapers, magazines, journals, newsletters, books, films, phonograph records, photographs, microfilms, microfiche, tapes and similar material. The general license does not apply to materials which are principally devoted to the dissemination of technical data.

New §535.577 is a general license for the exportation to Iran of household goods and personal effects of Iranian individuals departing the United States. The general license does not apply to goods in commercial quantities.

New §535.603 sets forth the procedure to be followed in giving notice to the Office pursuant to §§535.206(b) and 535.207(b) which require notice by the U.S. parent firm 10 days prior to entry of its foreign affiliate into any transaction covered by §§535.206(a) and 535.207(a).

On April 21, 1980, the Office published additional restrictions with respect to Iran, including prohibitions on remittances to any person in Iran, travel restrictions, and a prohibition on imports from Iran and of Iranian-origin goods. (45 FR 26940.)

New §535.426 clarifies the prohibition on remittances. Remittances to third countries are not prohibited unless the remitter knows or has reasonable cause to believe that the remitted funds are being transferred to the country of Iran. The new section also clarifies the liability of remitting banks under §535.206(a)(4). It makes clear that U.S. banks are not responsible for policing the multitude of items processed electronically but must not complete transactions where current and actual knowledge provides information that gives reasonable cause to believe that the remittance is prohibited.

New §535.427 clarifies that the prohibition in §535.206(a)(4) includes payments of dividends, interest, and other periodic payments.

New §535.428 explains that acceptance of free sponsorship or support for travel to or travel and maintenance in Iran is a "transaction" or "transfer" prohibited by the travel restrictions of §535.209(a).

New §535.431 clarifies that the prohibition on importation of Iranian-origin merchandise does not apply to such merchandise where the bill of lading is dated on or before April 17, 1980, indicating that the merchandise left Iran on or before that date.

New §535.528 authorizes certain transactions by persons subject to the jurisdiction of the United States in connection with the filing or prosecution of an application for, or certain other proceedings involving, an Iranian patent, trademark, or copyright.

New §535.550 sets forth the licensing policy on imports of publications and similar items from Iran.

New §§535.562(c) and 535.578 are general licenses authorizing the importation of passengers' baggage by U.S. citizens, dual nationals, persons engaged in news gathering operations and certain other persons.

The general license in §535.563 for family remittances is being amended by the addition of paragraph (d) placing a monthly limit of \$1000 on such remittances per payee or per household.

New §535.576 contains a general license authorizing payment by persons subject to the jurisdiction of the United States of existing non-dollar letters of credit in favor of Iranian entities or persons in Iran where letters of credit are denominated in foreign currencies.

1. §535.426 is added as follows:

§535.426 Remittances involving persons in Iran.

(a) Remittances to countries other than Iran are not prohibited by §535.206(a)(4) unless the remitter knows or has reasonable cause to believe that the funds are being transferred directly or indirectly to Iran.

(b) Subject to the requirement of paragraph (c) of this section, liability of a U.S. bank under §535.206(a)(4) in connection with a payment made on the order of a party other than the bank is limited to the following transactions:

(1) Payment from an account held by the bank for a person located in Iran;

(2) Payment from any other account where the bank has actual and current knowledge of facts that give reasonable cause to believe that the payment is being made in violation of §535.206(a)(4).

(c) U.S. banks are required to disseminate information about the prohibitions contained in §535.206(a)(4) and the provisions of this section to all offices and employees.

2. §535.427 is added as follows:

§535.427 Dividends, interest, and other periodic payments to Iran.

The prohibition of transfers to persons in Iran contained in §535.206(a)(4) applies to all payments and transfers, including payment or transfer of dividend checks, interest payments and other periodic payments.

3. §535.428 is added as follows:

§535.428 Sponsored travel and maintenance of U.S. nationals in Iran.

The receipt or acceptance by any person who is a U.S. citizen or U.S. permanent resident alien of any gratuity, grant, or support in the form of meals, lodging, payments of travel or maintenance expenses, or otherwise, in connection with travel to or travel and maintenance within Iran constitutes a transaction or transfer within the meaning of the prohibition set forth in §535.209(a).

4. §535.429 is added as follows:

§535.429 Exportation of technical data prohibited.

(a) The prohibition in §535.207(a)(1) includes transfers of information, in eye-readable or machine-readable form, intended for use, directly or indirectly, in the design, production, manufacture, reconstruction, servicing, operation or use of any product.

(b) The prohibition on the exportation of technical data extends not only to unpublished technical information that is not available to the public, but also to published technical data such as operating, repair or service manuals for automotive or industrial equipment that are available through commercial sources such as book distributors.

5. §535.430 is added as follows:

§535.430 U.S. components of foreign-made goods.

The prohibitions in §535.207(a)(1) apply to the sale, supply or other transfer after the effective date of §535.207 of items, commodities or products for incorporation in foreign-manufactured goods where the person subject to the jurisdiction of the United States has reasonable cause to believe that those goods are intended for export to Iran.

6. §535.431 is added as follows:

§535.431 Goods in transit.

Shipments of Iranian origin merchandise covered by a bill of lading dated on or before April 17, 1980 are not within the prohibition in §535.204.

7. §535.528 is added as follows:

§535.528 Certain transactions with respect to Iranian patents, trademarks and copyrights authorized.

(a) The following transactions by any person subject to the jurisdiction of the United States are authorized:

(1) The filing and prosecution of any application for an Iranian patent, trademark or copyright, or for the renewal thereof;

(2) The receipt of any Iranian patent, trademark or copyright;

(3) The filing and prosecution of opposition or infringement proceedings with respect to any Iranian patent, trademark, or copyright, and the prosecution of a defense to any such proceedings;

(4) The payment of fees currently due to the government of Iran, either directly or through an attorney or representative, in connection with any of the transactions authorized by subparagraphs (a) (1), (2), and (3) of this paragraph or for the maintenance of any Iranian patent, trademark or copyright; and

(5) The payment of reasonable and customary fees currently due to attorneys or representatives in Iran incurred in connection with any of the transactions authorized by subparagraphs (a) (1), (2), (3) or (4) of this paragraph.

(b) Payments effected pursuant to the terms of paragraph (a)(4) and (5) of this section may not be made from any blocked account.

(c) As used in this section the term "Iranian patent, trademark, or copyright" shall mean any patent, petty patent, design patent, trademark or copyright issued by Iran.

8. §535.550 is added as follows:

§535.550 Publications, films, etc. from Iran.

(a) Specific licenses are issued as appropriate for importations of publications, films, posters, phonograph records, photographs, microfilms, microfiche and tapes originating in Iran. All payments due the suppliers will be required to be made into accounts in domestic banks subject to the provisions of §535.201 or §535.206(a)(4). Such an account shall be established in the name of the seller and the licensee shall report such information concerning the importation and the account established in the name of the seller as the Office of Foreign Assets Control may require as a condition of the license.

(b) Such importations of publications, films, etc. are also licensed as appropriate when the Office of Foreign Assets Control is satisfied that they are bona fide gifts to the importer and that there is not and has not been any direct or indirect financial or commercial benefit to an Iranian entity or any person in Iran from the importations.

9. §535.562 is amended by the addition of new paragraph (c) as follows:

§535.562 News material.

* * * * *

(c) Accompanied baggage of journalists and news correspondents.

All transactions incident to the importation into the United States of accompanied baggage of a journalist or other person referred to in paragraph (b) of this section are authorized provided that such baggage does not contain goods in commercial quantities.

10. §535.563 is amended by the addition of new paragraphs (d) and (3) as follows:

§535.563 Family remittances to Iran.

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(d) Remittances authorized by this section are limited to \$1000 per month to any one payee or to any one household.

(e) Any remittance exceeding the amount specified in paragraph (d) of this section would require a specific license.

11. §535.575 is added as follows:

§535.575 Exports of newspapers, magazines, films, etc. to Iran.

All transactions not inconsistent with §535.419 and ordinarily incident to the export to Iran of newspapers, magazines, journals, newsletters, books, films, phonograph records, photographs, microfilms, microfiche, tapes or similar materials are authorized, except such materials which are principally devoted to the dissemination of technical data.

12. §535.576 is added as follows:

§535.576 Payment of non-dollar letters of credit to Iran.

Notwithstanding the prohibitions of §535.201 and 535.206(a)(4), payment of existing non-dollar letters of credit in favor of Iranian entities or any person in Iran by any foreign branch or subsidiary of a U.S. firm is authorized, provided that the credit was opened prior to the respective effective date.

13. §535.577 is added as follows:

§535.577 Household goods and personal effects.

All transactions incident to the exportation to Iran of household goods and personal effects of an Iranian individual departing the United States are authorized, provided that no goods in commercial quantities may be exported under this general license.

14. §535.578 is added as follows:

§535.578 Passengers' baggage and personal effects.

(a) All transactions incident to the importation into the United States of baggage, household goods and personal effects of the following persons are authorized, provided that such importation does not include goods in commercial quantities:

(1) United States citizens and U.S. resident aliens who departed Iran on or before April 24, 1980;

(2) Third country nationals; and

(3) Dual nationals of the United States and Iran.

(b) All transactions incident to the importation into the United States of baggage, household goods and personal effects of an Iranian national who enters the United States on a visa issued by the Department of State are authorized, provided that such importation does not include goods in commercial quantities.

(c) All transactions incident to the importation into the United States of baggage and personal effects of a crew member of vessels or aircraft in the United States on temporary sojourn are authorized, provided that such importation does not include goods in commercial quantities and any such articles are intended for export from the United States with the crew member upon his departure.

15. §535.603 is added as follows:

§535.603 Report of Proposed Subsidiary Transaction with Iran.

(a) A U.S. company required by §535.206(b) or §535.207(b) to submit a report to the Office of Foreign Assets Control regarding a proposed transaction with Iran by a subsidiary shall submit a letter containing the following information.

- (1) Name of the foreign subsidiary involved
 - (2) Location
 - (3) Description of the merchandise
 - (4) Value
 - (5) Ultimate Iranian consignee
 - (6) Identity of any intermediary firm(s)
 - (7) End-use
 - (8) Payment terms
- (b) The report shall be addressed as follows:

Ms. Susan Swinehart
Chief of Licensing
Office of Foreign Assets Control
Treasury Department
Washington, D.C. 20220

Att: Section 535.603 Report--
EXPEDITE

(c) The report must be submitted in sufficient time to reach the Office of Foreign Assets Control 10 days before any subsidiary enters into any transaction covered by §535.206 or §535.207.

Dated: April 30, 1980

(Signed) Stanley L. Sommerfield
Stanley L. Sommerfield
Director

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

[Authority: Sec. 201-207, 91 Stat. 1626, 50 U.S.C.
1701-1706; E.O. 12170, 44 FR 65729, E.O. No.
12205, 45 FR 24099; E.O. No. 12211, 45 FR 26685)

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