

**FEDERAL RESERVE BANK
OF NEW YORK**
Fiscal Agent of the United States

Circular No. 8726
December 31, 1979

AMENDMENTS TO IRANIAN ASSETS CONTROL REGULATIONS
Effective December 26, 1979

*To All Banking Institutions
in the Second Federal Reserve District:*

Enclosed are amendments, effective December 26, 1979, to the Iranian Assets Control Regulations issued by the Office of Foreign Assets Control, United States Treasury Department. The amendments add interpretative provisions to the regulations.

Inquiries regarding this matter should be directed to Ernest T. Patrikis, Deputy General Counsel (Tel. No. 212-791-5022), Don N. Ringsmuth, Assistant General Counsel (Tel. No. 212-791-5007), or John Hopkins Heires, Adviser, Foreign Department (Tel. No. 212-791-6816).

THOMAS M. TIMLEN,
First Vice President.

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 add interpretative provisions to the Regulations. The need for the amendments is to make it clear that extensions of credit to Iran, except for fully collateralized trade credits, by persons subject to U.S. jurisdiction are covered by the prohibitions of §535.201, and that transfers of blocked accounts from demand to interest-bearing status at the instruction of the depositor are authorized under §535.508. The effect of the amendments is that these interpretations will now be available in published form.

EFFECTIVE DATE: December 26, 1979

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.

The interpretation contained in §535.419 will clarify the fact that the prohibitions of §535.201 prohibit any person subject to the jurisdiction of the United States from extending credit to Iran or an Iranian entity after the "effective date" (i.e., November 14, 1979) in the absence of a license. This prohibition applies to post-effective date renewals of credits in existence on November 14, 1979. The prohibition applies regardless of the currency in which the credit was to be denominated. It does not apply to fully collateralized trade credits in view of §535.901.

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(Over)

§535.420 clarifies the fact that Iranian owners of blocked assets are authorized by §535.508 to instruct banks holding their accounts to transfer funds from demand to interest-bearing status at any time.

31 CFR Part 535 is amended as follows:

1. §535.419 is added to read as follows:

§535.419 Extensions of Credit to Iran.

(a) §535.201 prohibits the unlicensed extension of credit to Iran or any Iranian entity, by persons subject to the jurisdiction of the United States, after the effective date.

(b) This prohibition applies to the unlicensed renewal of credits in existence on the effective date.

(c) This prohibition applies to credit extended in any currency.

(d) In view of the provisions of §§535.566 and 535.901, the prohibition does not apply to trade credits which are fully collateralized in foreign currency or in unblocked U.S. dollars received after the effective date.

2. §535.420 is added to read as follows:

§535.420 Transfers of accounts under §535.508 from demand to interest-bearing status.

§535.508 authorizes transfer of a blocked demand deposit account to interest-bearing status at the instruction of the Iranian depositor at any time.

Dated: December 26, 1979

Stanley L. Sommerfield
Director
Office of Foreign Assets Control

Approved:

Richard J. Davis
Assistant Secretary

[Authority: Secs. 201-207, 91 Stat. 1626; 50 U.S.C. 1701-1706; E.O. No. 12170, 44 FR 65729.]

Filed: December 26, 1979

Publication date: December 28, 1979