

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

Circular No. 9104
July 6, 1981

AMENDMENTS TO IRANIAN ASSETS CONTROL REGULATIONS
Effective July 6, 1981

*To All Depository Institutions in the Second
Federal Reserve District, and Others Concerned:*

Enclosed are amendments to the Iranian Assets Control Regulations issued by the Office of Foreign Assets Control of the United States Treasury Department following the July 2, 1981 opinion of the United States Supreme Court that upheld the President's authority to order assets of Iran transferred pursuant to the Iran-United States agreements of January 19, 1981.

The amendments direct banks and other persons holding Iranian financial assets to transfer them to this Bank to be received by 11 a.m., Eastern Daylight Saving Time, July 10, 1981. Nonfinancial assets of Iran are to be transferred at the direction of the Government of Iran. The amendments also specify that in calculating interest to be paid on Iranian deposits held as time deposits, no penalty shall be imposed for early withdrawal. The Treasury has indicated that it will seek prompt enforcement of the Regulations through civil or criminal proceedings, as may be required.

The procedures for transferring Iranian financial assets to this Bank have previously been published in section 535.221 of the Regulations.

Inquiries regarding the procedures for transferring Iranian deposits and funds to this Bank should be directed to Andrew Heikaus, Chief, Foreign Account Operations Division, Foreign Relations Department (Tel. No. 212-791-5833). Inquiries regarding the procedures for transferring securities held for Iran should be directed to Beth Schwartzberg, Chief, Foreign Account Securities Division, Foreign Relations Department (Tel. No. 212-791-6067). Other inquiries regarding the amendments should be directed to Daniel M. Rossner, Attorney, Legal Department (Tel. No. 212-791-5040).

ANTHONY M. SOLOMON,
President.

Office of Foreign Assets Control
31 CFR Part 535

IRANIAN ASSETS CONTROL REGULATIONS
Transfer of Financial Assets to Federal Reserve Bank of New York

AGENCY: Office of Foreign Assets Control

ACTION: Final Rule

SUMMARY: The Office of Foreign Assets Control is amending the Iranian Assets Control Regulations. The purposes of the amendments are: (1) to direct banks and other persons holding Iranian financial assets to transfer them to the Federal Reserve Bank of New York by 11 a.m., E.D.T., July 10, 1981; (2) to revoke the policy of not seeking to impose civil or criminal sanctions on holders of certain Iranian nonfinancial property who do not comply with the transfer requirements of the Iranian Assets Control Regulations; and (3) to provide that, in calculating interest to be paid on certain Iranian financial assets, no penalty shall be imposed by banks for early withdrawal of deposits held as time deposits.

EFFECTIVE DATE: July 6, 1981

FOR FURTHER INFORMATION CONTACT: Raymond W. Konan, Chief Counsel, Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220, Tel. (202) 376-0236.

SUPPLEMENTARY INFORMATION: The Supreme Court, in the case of *Dames & Moore v. Regan*, has upheld the President's authority to order assets of Iran transferred pursuant to the Iran-U.S. agreements of January 19, 1981. The Supreme Court's decision clearly affirms the authority which the President exercised in nullifying attachments and other judicial orders with respect to these assets and permits them to be transferred without regard to the nullified judicial orders.

These amendments provide that Iranian financial assets shall be transferred to the Federal Reserve Bank of New York no later than 11 a.m., E.D.T., July 10, 1981, in order to facilitate the subsequent transfer as provided in the agreements. The transferred assets will be held by the Federal Reserve Bank of New York, as fiscal agent of the United States, for subsequent transfer as directed by the Secretary of the Treasury. (Nonfinancial assets of Iran are to be transferred at the direction of the Government of Iran as provided by 31 CFR section 535.215.) The Department of the Treasury will seek prompt enforcement of these Regulations through civil or criminal proceedings, as may be required.

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, opportunity for public participation and delay in effective date, are inapplicable. Similarly, because the Regulations are issued with respect to a foreign affairs function of the United States, they are not subject to Executive Order 12291 of February 17, 1981, dealing with Federal regulations.

31 CFR Part 535 is amended as follows:

1. Section 535.213 is amended by the revocation and removal of paragraph (e) and the revision of paragraph (b) as follows:

Section 535.213 (Amended)

* * * * *

(b) Transfers of funds, securities or deposits under paragraph (a) of this section shall be in accordance with the provisions of section 535.221 of this part, and such funds, securities or deposits, plus interest at commercially reasonable rates from November 14, 1979, to the transfer date, shall be received by the Federal Reserve Bank of New York by 11 a.m., E.D.T., July 10, 1981. For periods for which rates are to be determined in the future, whether by agreement between Iran and the bank or otherwise (see section 535.440), interest for such periods shall be transferred to the Federal Reserve Bank of New York promptly upon such determination.

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(e) (Removed)

2. Section 535.214 is amended by the revocation and removal of paragraph (e) and the revision of paragraph (b) as follows:

Section 535.214 (Amended)

* * * * *

(b) Transfers of funds and securities under paragraph (a) of this section shall be in accordance with the provisions of section 535.221 of this part, and such funds and securities shall be received by the Federal Reserve Bank of New York by 11 a.m., E.D.T., July 10, 1981.

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IRANIAN ASSETS CONTROL REGULATIONS

(e) (Removed)

3. Section 535.215 is amended by the revocation and removal of paragraph (c).

Section 535.215 (Amended)

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(c) (Removed)

4. Section 535.440 is amended by designating the existing text as paragraph (a) and by adding a new paragraph (b) as follows:

Section 535.440 (Amended)

* * * * *

(b) For deposits held as time deposits, no penalty shall be imposed for early withdrawal. (In this connection the Board of Governors of the Federal Reserve System has determined that application of the penalty for early withdrawal of time deposits transferred before maturity, pursuant to section 535.213, is not required.)

(Sec. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. No. 12170, 44 FR 65729; E.O. No. 12205, 45 FR 24099; E.O. No. 12211, 45 FR 26605; E.O. No. 12276, 46 FR 7913; E.O. No. 12279, 46 FR 7919; E.O. No. 12280, 46 FR 7921; E.O. No. 12281, 46 FR 7923; E.O. No. 12282, 46 FR 7925; and E.O. No. 12294, 46 FR 14111.)

Dated: July 6, 1981

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Dennis M. O'Connell
Director