FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. **10394**
October 17, 1990]

KUWAITI ASSETS CONTROL REGULATIONS
IRAQI SANCTIONS REGULATIONS

Amendment of General License No. 3

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

On October 15, 1990, the Office of Foreign Assets Control of the Department of the Treasury ("OFAC") amended General License No. 3 (originally included in our Circular No. 10367, dated August 9, 1990). The original license applied only to the investment of Government of Kuwait funds held in blocked accounts; the amendment expands its application to include funds held in blocked accounts in the name of the Government of Iraq.

The text of the amended license is printed on the following pages. Questions regarding this matter may be directed, at this Bank, to Bradley K. Sabel, Counsel (Tel. No. 212-720-5041), or to OFAC (Tel. No. 212-566-2701).

E. GERALD CORRIGAN,
President.

DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 3 (AMENDED)

This license is being amended to expand its application to include funds held in blocked accounts in the name of the Government of Iraq.

Investment of Government of Kuwait or Government of Iraq Funds Held in Blocked Accounts.

(a) U.S. financial institutions are hereby authorized to invest and reinvest funds held in blocked accounts in the name of the Government of Kuwait, subject to the following conditions:

(1) The proceeds of such investments and reinvestments are credited to a blocked account or sub-account which is in the name of the Government of Kuwait and which is subject to the jurisdiction of the United States;

(2) The proceeds of such investments and reinvestments are not credited to a blocked account or sub-account under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such funds or securities were held; and

(3) no financial or economic benefit accrues to the Government of Iraq as a result of the transaction.

(b) U.S. financial institutions are hereby authorized to invest and reinvest funds held in blocked accounts in the name of the Government of Iraq, subject to the following conditions:

(1) The proceeds of such investments and reinvestments are credited to a blocked account or

sub-account which is in the name of the Government of Iraq and which is subject to the jurisdiction of the United States;

(2) The proceeds of such investments and reinvestments are not credited to a blocked account or sub-account under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such funds or securities were held.

(c) (1) U.S. persons seeking to avail themselves of this authorization must register with the Office of Foreign Assets Control, Blocked Assets Section.

(2) Transactions conducted pursuant to this section must be reported to the Office of Foreign Assets Control, Blocked Assets Section, within ten (10) days of completion of the transaction.

(d) Terms used in this license are defined as follows:

(1) The term "Government of Iraq" includes:

(A) The state and the Government of Iraq, as well as any political subdivision, agency, or instrumentality thereof, including the Central Bank of Iraq;

(B) Any partnership, association, corporation, or other organization substantially owned or controlled by the foregoing;

(C) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe such person is, or has been, since the effective date, acting or purporting to act, directly or indirectly on behalf of any of the foregoing;

(D) Any other person or organization determined by the Secretary of the Treasury to be included within section (d)(1).

(2) The term "Government of Kuwait" shall mean

(A) The state and the Government of Kuwait or any entity purporting to be the Government of Kuwait, as well as any political subdivision, agency, or instrumentality thereof, including the Central Bank of Kuwait;

(B) Any partnership, association, corporation, or other organization substantially owned or controlled by the foregoing;

(C) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe such person is, or has been, since the effective date, acting or purporting to act, directly or indirectly on behalf of any of the foregoing; and

(D) Any other person or organization determined by the Secretary of the Treasury to be included within section (d)(2).

(3) The term "blocked account" shall mean an account with respect to which account payments, transfers or withdrawals or other dealings may not be made or effected except pursuant to an authorization or license from the Office of Foreign Assets Control authorizing such action.

(4) The term "U.S. financial institution" shall mean any U.S. person (including foreign branches) that is engaged in the business of accepting deposits or making, granting, transferring, holding, or brokering loans or credits, or of purchasing or selling foreign exchange, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent, including, but not limited to, banks, savings banks, trust companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, and U.S. holding companies, U.S. affiliates, or U.S. subsidiaries of any of the foregoing.

Issued: October 15, 1990

Richard Newcomb

R. Richard Newcomb
Director
Office of Foreign Assets Control