

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. **10445**
March 26, 1991]

**KUWAITI ASSETS CONTROL
Unblocking of Kuwaiti Assets**

**IRAQ SANCTIONS
Clarification of Special Blocking Memorandum**

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

Kuwaiti Assets Control

At the request of the Government of Kuwait, the Office of Foreign Assets Control of the Department of the Treasury has amended the Kuwaiti Assets Control Regulations (31 C.F.R. Part 570) to permit transactions that involve certain blocked Government of Kuwait property located in the United States or in the possession or control of a United States person. This will effectively unblock the affected property. The text of the amendments, which is also being published in the *Federal Register*, is enclosed.

Iraq Sanctions

With our Circular No. 10444, dated March 22, 1991, we provided you with a copy of a Special Blocking Memorandum in connection with the Iraqi Sanctions Regulations. The Office of Foreign Assets Control has issued a memorandum clarifying that notice; a copy of that memorandum is also enclosed.

* * *

Questions on these matters may be directed to the persons specified in the enclosures, or, at this Bank, to Bradley K. Sabel, Counsel (Tel. No. 212-720-5041).

E. GERALD CORRIGAN,
President.



DEPARTMENT OF THE TREASURY
WASHINGTON

MAR 25 1991

FAC NO. 121910A

MEMORANDUM FOR ALL FEDERAL RESERVE BANK PRESIDENTS

FROM: R. RICHARD NEWCOMB *R Newcomb*
DIRECTOR
OFFICE OF FOREIGN ASSETS CONTROL

SUBJECT: Clarification on FAC Blocking Notice No.
121910 (March 21, 1991)

This is a request for immediate action.

The referenced FAC memorandum, number 121910, of March 21, 1991, advised you of the blocking, pursuant to the Iraqi Sanctions Regulations, of property, including financial assets, of these persons: Bay Industries, Inc.; Anes Mansour Wadi; and Shamsaban Al-Rayderi. Paragraph three of that memorandum requests that Federal Reserve Banks notify and instruct "the commercial banks in their districts" of the blockings and transactions prohibitions relating to those persons.

If you have not done so of your own accord, please modify those instructions so that all depository institutions, including foreign agencies, in your district are informed of the blockings and transactions prohibitions described in FAC No. 121910. It is FAC's intention to inform the financial community as fully as possible of the actions taken.

If you are repeating the text of FAC No. 121910 in your notifications, the third paragraph should be amended to read in pertinent part:

"All Federal Reserve Banks, including branches and other offices, are requested to notify all depository institutions, including foreign agencies, in their districts of these determinations..." (new language is underscored)

If you have any questions, please contact J. Robert McBrien of this office at (202) 566-5021.

IN ADVANCE OF PRINTED COPY

DEPARTMENT OF THE TREASURY

4810-25-M

Office of Foreign Assets Control

31 C.F.R. Part 570

Kuwaiti Assets Control Regulations

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

ACTION: Final Rule, amendments.

SUMMARY: This rule amends the Kuwaiti Assets Control Regulations, 31 C.F.R. Part 570, 55 FR 49856 (November 30, 1990), as amended at 56 FR 5351 (February 11, 1991) and 56 FR 10356 (March 11, 1991) (the "KACR"), to authorize transactions involving certain property in which the Government of Kuwait has an interest.

EFFECTIVE DATE: March 25, 1991

FOR FURTHER INFORMATION CONTACT: William B. Hoffman, Chief Counsel, Tel.: (202) 535-6020, or Steven I. Pinter, Chief of Licensing, Tel.: (202) 535-9449, Office of Foreign Assets Control, Department of the Treasury, Washington, D.C.

SUPPLEMENTARY INFORMATION: The KACR were originally published on November 30, 1990, to implement the sanctions imposed by the President in Executive Orders 12723 and

12725. In Executive Order 12723 and Section 1 of Executive Order 12725, the President blocked all property and interests in property of the Government of Kuwait as a protective measure requested by the Government of Kuwait. Consistent with this blocking, section 570.201 of the KACR prohibits all transactions involving blocked property which is located in the United States or is in the possession or control of a United States person.

At the request of the Government of Kuwait, the Office of Foreign Assets Control of the Treasury Department ("FAC") is amending the KACR to permit transactions which involve certain blocked Government of Kuwait property located in the United States or in the possession or control of a United States person. Through this authorization, the amendment will effectively unblock the affected property. The property unblocked by this license includes the assets of the Government of Kuwait, its agencies, instrumentalities, and controlled entities including the Central Bank of Kuwait, but excludes all property or interests in property of seven blocked Kuwaiti banks -- Al Ahli Bank of Kuwait, The Bank of Kuwait & The Middle East, Burgan Bank, Commercial Bank of Kuwait, The Gulf Bank, The Industrial Bank of Kuwait, and Kuwait Real Estate Bank. The seven banks, though blocked, have been licensed to utilize their blocked assets beginning March 18, 1991, to settle obligations arising prior to August 2, 1990.

Because the KACR 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. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601, et seq.) does not apply. 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.

List of Subjects in 31 CFR part 570

Kuwait, Banks, Banking, Finance, Blocking of Assets.

For the reasons set forth in the preamble, 31 CFR part 570 is amended as follows:

Part 570--KUWAITI ASSETS CONTROL REGULATIONS

1. The authority citation for part 570 continues to read as follows:

AUTHORITY: 50 U.S.C. 1701 et seq.; 50 U.S.C. 1601 et seq.; 22 U.S.C. 287c; Pub. L. 101-513, 104 Stat. 2047-55 (Nov. 5, 1990); 3 U.S.C. 301; E.O. 12722, 55 FR 31803

(Aug. 3, 1990); E.O. 12723, 55 FR 31805 (Aug. 3, 1990);
E.O. 12725, 55 FR 33091 (Aug. 13, 1990).

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

2. Section 570.523 is added to subpart E to read as
follows:

**Section 570.523 Authorization of certain new transactions
with respect to blocked Government of Kuwait property.**

(a) Notwithstanding the provisions of section 570.201,
all transactions affecting property or interests in property
of the Government of Kuwait are hereby authorized on or
after March 25, 1991, except as limited by paragraph (b).

(b) The authorization contained in this section does
not apply to property or interests in property of the
following entities: Al Ahli Bank of Kuwait, The Bank of
Kuwait & The Middle East, Burgan Bank, Commercial Bank of

Kuwait, The Gulf Bank, The Industrial Bank of Kuwait, and
Kuwait Real Estate Bank.

Dated: March 19, 1991



R. Richard Newcomb,
Director,
Office of Foreign Assets Control.

Approved: March 19, 1991



John P. Simpson,
Acting Assistant Secretary (Enforcement).

Filed: March 22, 1991
Publication date: March 26, 1991