

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[ Circular No. **10787**  
June 2, 1995 ]

**OFFICE OF FOREIGN ASSETS CONTROL**

**Executive Order No. 12959 and General License No. 1  
Regarding Iran**

*To the Chief Operating Officers at All Financial Institutions  
and All Overseas Branches of U.S. Financial Institutions:*

President Clinton has issued Executive Order No. 12959, effective 12:01 a.m., EDT, May 7, 1995, prohibiting certain transactions with respect to Iran. The text of the Executive Order, together with the letter presenting the order to the Congress, is printed on the following pages.

Subsequently, the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury issued General License No. 1, which clarifies what is permissible for completion of pre-May 7, 1995 contracts with Iran. Following is the text of an OFAC bulletin regarding this license:

OFAC has issued General License No. 1 regarding Iran. It clarifies what is permissible within the 30-day window for completion of pre-May 7 contracts involving Iran and specifically states that all obligations under pre-existing trade contracts for the provision of services (including correspondent account services for Iranian banks), benefitting persons in Iran, the Government of Iran, or entities owned or controlled by the Government of Iran must be fully completed prior to 12:01 a.m., EDT, June 6, 1995. National banks which do not have access to computer bulletin boards used by OFAC may obtain details by dialing the Comptroller of the Currency's "OCC Information Line" from a touch-tone phone. Details are also available from the Fax-on-Demand service of the U.S. Commerce Department (to arrange use call STAT-USA/FAX at 202/482-1986). OFAC Compliance may be reached at 202/622-2490 for additional information.

A copy of General License No. 1 is also printed herein.

If your institution has overseas branches, please send them a copy of this circular as soon as possible. Questions on this matter should be directed to OFAC, as indicated above.

WILLIAM J. McDONOUGH,  
*President.*

THE WHITE HOUSE

WASHINGTON

May 6, 1995

Dear Mr. Speaker:

On March 15, 1995, I reported to the Congress that, pursuant to section 204(b) of the International Emergency Economic Powers Act (50 U.S.C. 1703(b)), and section 301 of the National Emergencies Act (50 U.S.C. 1631), I exercised my statutory authority to declare a national emergency to respond to the actions and policies of the Government of Iran and to issue an Executive order that prohibited United States persons from entering into contracts for the financing or the overall management or supervision of the development of petroleum resources located in Iran or over which Iran claims jurisdiction.

Following the imposition of these restrictions with regard to the development of Iranian petroleum resources, Iran has continued to engage in activities that represent a threat to the peace and security of all nations. I have now taken additional measures to respond to Iran's continuing support for international terrorism, including support for acts that undermine the Middle East peace process, as well as its intensified efforts to acquire weapons of mass destruction. I have issued a new Executive order and hereby report to the Congress pursuant to the above authorities and section 505(c) of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9(c)).

The new order I have issued with respect to Iran:

- Prohibits exportation from the United States to Iran or to the Government of Iran of goods, technology or services, including trade financing by U.S. banks;
- Prohibits the reexportation of certain U.S. goods and technology to Iran from third countries;
- Prohibits transactions such as brokering and other dealing by United States persons in Iranian goods and services;
- Prohibits new investments by United States persons in Iran or in property owned or controlled by the Government of Iran;



- Prohibits U.S. companies from approving or facilitating their subsidiaries' performance of transactions that they themselves are prohibited from performing;
- Continues the 1987 prohibition on the importation into the United States of goods and services of Iranian origin; and
- Allows U.S. companies a 30-day period in which to perform trade transactions pursuant to contracts predating this order that are now prohibited.

With the exception of the trade noted above, all prohibitions contained in the Executive order are effective as of 12:01 a.m., eastern daylight time, on May 7, 1995.

This new order provides that the Secretary of the Treasury, in consultation with the Secretary of State, is authorized to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out the purposes of the order. The order also authorizes the Secretary of the Treasury to require reports, including reports on foreign affiliates' oil trading with Iran. There are certain transactions subject to the prohibitions contained in the Executive order that I have directed the Secretary of the Treasury to authorize through licensing, including transactions by United States persons related to the Iran-United States Claims Tribunal in The Hague, established pursuant to the Algiers Accords, and other international obligations and United States Government functions. Such transactions also include the export of agricultural commodities consistent with section 5712(c) of title 7, United States Code. In addition, United States persons may be licensed to participate in market-based swaps of crude oil from the Caspian Sea area for Iranian crude oil in support of energy projects in Azerbaijan, Turkmenistan, and Kazakhstan.

This order revokes sections 1 and 2 of Executive Order No. 12613 of October 29, 1987, and sections 1 and 2 of Executive Order No. 12957 of March 15, 1995, to the extent they are inconsistent with this order. The declaration of national emergency made by Executive Order No. 12957 remains in effect and is not affected by this order.

Sincerely,

*William B. Clinton*

The Honorable Albert Gore, Jr.  
President of the Senate  
Washington, D.C. 20510



# Presidential Documents

**Title 3—****Executive Order 12959 of May 6, 1995****The President****Prohibiting Certain Transactions With Respect to Iran**

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), section 505 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9) (ISDCA), and section 301 of title 3, United States Code,

I, WILLIAM J. CLINTON, President of the United States of America, in order to take steps with respect to Iran in addition to those set forth in Executive Order No. 12957 of March 15, 1995, to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States referred to in that order, hereby order:

**Section 1.** The following are prohibited, except to the extent provided in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date of this order: (a) the importation into the United States, or the financing of such importation, of any goods or services of Iranian origin, other than Iranian-origin publications and materials imported for news publications or news broadcast dissemination;

(b) except to the extent provided in section 203(b) of IEEPA (50 U.S.C. 1702(b)), the exportation from the United States to Iran, the Government of Iran, or to any entity owned or controlled by the Government of Iran, or the financing of such exportation, of any goods, technology (including technical data or other information subject to the Export Administration Regulations, 15 CFR Parts 768–799 (1994) (the “EAR”)), or services;

(c) the reexportation to Iran, the Government of Iran, or to any entity owned or controlled by the Government of Iran, of any goods or technology (including technical data or other information) exported from the United States, the exportation of which to Iran is subject to export license application requirements under any United States regulations in effect immediately prior to the issuance of this order, unless, for goods, they have been (i) substantially transformed outside the United States, or (ii) incorporated into another product outside the United States and constitute less than 10 percent by value of that product exported from a third country;

(d) except to the extent provided in section 203(b) of IEEPA (50 U.S.C. 1702(b)), any transaction, including purchase, sale, transportation, swap, financing, or brokering transactions, by a United States person relating to goods or services of Iranian origin or owned or controlled by the Government of Iran;

(e) any new investment by a United States person in Iran or in property (including entities) owned or controlled by the Government of Iran;

(f) the approval or facilitation by a United States person of the entry into or performance by an entity owned or controlled by a United States person of a transaction or contract (i) prohibited as to United States persons by subsection (c), (d), or (e) above, or (ii) relating to the financing of activities prohibited as to United States persons by those subsections, or of a guaranty of another person's performance of such transaction or contract: and



(g) any transaction by any United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this order.

**Sec. 2.** For the purposes of this order:

(a) the term "person" means an individual or entity;

(b) the term "entity" means a partnership, association, trust, joint venture, corporation, or other organization;

(c) the term "United States person" means any United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States;

(d) the term "Iran" means the territory of Iran and any other territory or marine area, including the exclusive economic zone and continental shelf, over which the Government of Iran claims sovereignty, sovereign rights or jurisdiction, provided that the Government of Iran exercises partial or total de facto control over the area or derives a benefit from economic activity in the area pursuant to international arrangements; and

(e) the term "new investment" means (i) a commitment or contribution of funds or other assets, or (ii) a loan or other extension of credit.

**Sec. 3.** The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, the requirement of reports, including reports by United States persons on oil transactions engaged in by their foreign affiliates with Iran or the Government of Iran, and to employ all powers granted to the President by IEEPA and ISDCA as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order.

**Sec. 4.** The Secretary of the Treasury may not authorize the exportation or reexportation to Iran, the Government of Iran, or an entity owned or controlled by the Government of Iran of any goods, technology, or services subject to export license application requirements of another agency of the United States Government, if authorization of the exportation or reexportation by that agency would be prohibited by law.

**Sec. 5.** Sections 1 and 2 of Executive Order No. 12613 of October 29, 1987, and sections 1 and 2 of Executive Order No. 12957 of March 15, 1995, are hereby revoked to the extent inconsistent with this order. Otherwise, the provisions of this order supplement the provisions of Executive Orders No. 12613 and 12957.

**Sec. 6.** Nothing contained in this order shall create any right or benefit, substantive or procedural, enforceable by any party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

**Sec. 7.** The measures taken pursuant to this order are in response to actions of the Government of Iran occurring after the conclusion of the 1981 Algiers Accords, and are intended solely as a response to those later actions.

**Sec. 8.** (a) This order is effective at 12:01 a.m., eastern daylight time, on May 7, 1995, except that (i) section 1(b), (c), and (d) of this order shall not apply until 12:01 a.m., eastern daylight time, on June 6, 1995, to trade transactions under contracts in force as of the date of this order if such transactions are authorized pursuant to Federal regulations in force immediately prior to the date of this order ("existing trade contracts"), and (ii) letters of credit and other financing agreements with respect to existing trade contracts may be performed pursuant to their terms with respect to underlying trade transactions occurring prior to 12:01 a.m., eastern daylight time, on June 6, 1995.

(b) This order shall be transmitted to the Congress and published in the **Federal Register**.

*William Clinton*

THE WHITE HOUSE,  
May 6, 1995.

[FR Doc. 95-11694

Filed 5-8-95; 2:43 pm]

Billing code 3195-01-P





DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

OFFICE OF FOREIGN ASSETS CONTROL  
IRANIAN TRANSACTIONS REGULATIONS  
General License No. 1

30-Day Delayed Effective Date  
for Pre-May 7, 1995 Trade Contracts Involving Iran

(a) All transactions necessary to complete performance of a trade contract entered into prior to May 7, 1995, and involving Iran (a "pre-existing trade contract"), including the exportation of goods, services (including financial services), or technology from the United States that were authorized pursuant to Federal regulations in force immediately prior to May 7, 1995, or performance under a contract for transactions in Iranian-origin or GOI-owned or controlled goods or services not involving importation into the United States, are authorized without specific licensing by the Office of Foreign Assets Control ("OFAC") if the conditions in subsection (a)(1) or subsection (a)(2) are met:

(1) If the pre-existing trade contract is for exportation of goods or technology from the United States that were authorized pursuant to Federal regulations in force immediately prior to May 7, 1995, the goods or technology must be exported from the United States prior to 12:01 a.m. EDT, June 6, 1995, and all other activity by U.S. persons that is necessary and incidental to the performance of the pre-existing trade contract (other than payment under a financing contract) must be completed prior to 12:01 a.m. EDT, August 6, 1995; or

(2) If the pre-existing trade contract is for

(i) the provision of services benefitting a person in Iran, the Government of Iran, or an entity owned or controlled by the Government of Iran, or

(ii) the reexportation of goods or technology to Iran, the Government of Iran, or an entity owned or controlled by the Government of Iran that were authorized pursuant to Federal regulations in force immediately prior to May 7, 1995, or

(iii) transactions relating to goods or services of Iranian origin or owned or controlled by the Government of Iran other than transactions relating to importation into the United States of such goods or services, all obligations under the pre-existing trade contract must be fully completed prior to 12:01 a.m. EDT, June 6, 1995.

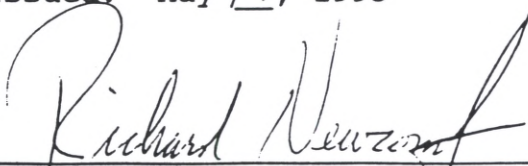
(b) In order to complete performance of a pre-existing trade contract, and consistent with section 8(a) of Executive Order 12959, the arrangement or renegotiation of contracts for transactions necessary and incidental to performance of the pre-existing trade contract is authorized. Such incidental transactions may include, for example, financing, shipping and insurance arrangements. Amendments to pre-existing trade contracts for the purpose of accelerating a previously-specified delivery schedule under a contract for a fixed quantity or value of goods, technology or services, or curtailing or cancelling

required performance, are authorized without specific licensing. Any other alteration of the trade contract must be specifically licensed by OFAC.

(c) The existence of a contract will be determined with reference to the principles contained in Article 2 of the Uniform Commercial Code.

(d) No U.S. person may change its policies or operating procedures in order to enable a foreign entity owned or controlled by U.S. persons to enter into a transaction that could not be entered into directly by a U.S. person located in the United States pursuant to Executive Order 12959.

Issued: May 19, 1995

A handwritten signature in cursive script, reading "Richard Newcomb", written over a horizontal line.

R. Richard Newcomb  
Director  
Office of Foreign Assets Control