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TREASURY DEPARTMENT LIBRARY

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OCT 19 1995

TREASURY DEPARTMENT

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE
August 1, 1990

CONTACT: Office of Financing
202/376-4350

TREASURY AUGUST QUARTERLY FINANCING

The Treasury will raise about \$12,225 million of new cash and refund \$20,018 million of securities maturing August 15, 1990, by issuing \$11,500 million of 3-year notes, \$10,500 million of 10-year notes, and \$10,250 million of 30-year bonds. The \$20,018 million of maturing securities are those held by the public, including \$3,176 million held, as of today, by Federal Reserve Banks as agents for foreign and international monetary authorities.

The three issues totaling \$32,250 million are being offered to the public, and any amounts tendered by Federal Reserve Banks as agents for foreign and international monetary authorities will be added to that amount. Tenders for such accounts will be accepted at the average prices of accepted competitive tenders.

In addition to the public holdings, Federal Reserve Banks hold \$3,068 million of the maturing securities for their own accounts, which may be refunded by issuing additional amounts of the new securities at the average prices of accepted competitive tenders.

The Treasury will change this auction schedule unless it has assurance of enactment of legislation to raise the statutory debt limit by August 6, 1990.

The 10-year note and 30-year bond being offered today will be eligible for the STRIPS program.

Details about each of the new securities are given in the attached highlights of the offering and in the official offering circulars.

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Attachment

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-204

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The 10-year note and 30-year bond being offered today will be eligible for the STRIPS program.

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oOo

Attachment

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC
AUGUST 1990 QUARTERLY FINANCING

August 1, 1990

Amount Offered to the Public	\$11,500 million	\$10,500 million	\$10,250 million
Description of Security:			
Term and type of security	3-year notes	10-year notes	30-year bonds
Series and CUSIP designation	Series U-1993 (CUSIP No. 912827 ZD 7)	Series C-2000 (CUSIP No. 912827 ZE 5)	Bonds of 2020 (CUSIP No. 912810 EG 9)
CUSIP Nos. for STRIPS Components . .	Not applicable	Listed in Attachment A of offering circular	Listed in Attachment A of offering circular
Issue date	August 15, 1990	August 15, 1990	August 15, 1990
Maturity date	August 15, 1993	August 15, 2000	August 15, 2020
Interest rate	To be determined based on the average of accepted bids	To be determined based on the average of accepted bids	To be determined based on the average of accepted bids
Investment yield	To be determined at auction	To be determined at auction	To be determined at auction
Premium or discount	To be determined after auction	To be determined after auction	To be determined after auction
Interest payment dates	February 15 and August 15	February 15 and August 15	February 15 and August 15
Minimum denomination available . . .	\$5,000	\$1,000	\$1,000
Amount required for STRIPS	Not applicable	To be determined after auction	To be determined after auction
Terms of Sale:			
Method of sale	Yield auction	Yield auction	Yield auction
Competitive tenders	Must be expressed as an annual yield with two decimals, e.g., 7.10%	Must be expressed as an annual yield with two decimals, e.g., 7.10%	Must be expressed as an annual yield with two decimals, e.g., 7.10%
Noncompetitive tenders	Accepted in full at the average price up to \$1,000,000	Accepted in full at the average price up to \$1,000,000	Accepted in full at the average price up to \$1,000,000
Accrued interest payable by investor	None	None	None
Payment Terms:			
Payment by non-institutional investors	Full payment to be submitted with tender	Full payment to be submitted with tender	Full payment to be submitted with tender
Deposit guarantee by designated institutions	Acceptable	Acceptable	Acceptable
Key Dates:			
Receipt of tenders	Tuesday, August 7, 1990, prior to 1:00 p.m., EDST	Wednesday, August 8, 1990, prior to 1:00 p.m., EDST	Thursday, August 9, 1990, prior to 1:00 p.m., EDST
Settlement (final payment due from institutions):			
a) funds immediately available to the Treasury	Wednesday, August 15, 1990	Wednesday, August 15, 1990	Wednesday, August 15, 1990
b) readily-collectible check	Monday, August 13, 1990	Monday, August 13, 1990	Monday, August 13, 1990

**HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC
AUGUST 1990 QUARTERLY FINANCING**

August 1, 1990

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Accrued interest payable by investor	None	None	None
Payment Terms:			
Payment by non-institutional investors	Full payment to be submitted with tender	Full payment to be submitted with tender	Full payment to be submitted with tender
Deposit guarantee by designated institutions	Acceptable	Acceptable	Acceptable
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-20

FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE
August 1, 1990

CONTACT: Office of Financing
202/376-4350

TREASURY OFFERS \$10,000 MILLION OF 36-DAY CASH MANAGEMENT BILLS

The Department of the Treasury, by this public notice, invites tenders for approximately \$10,000 million of 36-day Treasury bills to be issued August 15, 1990, representing an additional amount of bills dated March 22, 1990, maturing September 20, 1990 (CUSIP No. 912794 VC 5).

Competitive tenders will be received at all Federal Reserve Banks and Branches prior to 12:00 noon, Eastern Daylight Saving time, Thursday, August 9, 1990. Each tender for the issue must be for a minimum amount of \$1,000,000. Tenders over \$1,000,000 must be in multiples of \$1,000,000. Tenders must show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions must not be used.

Noncompetitive tenders will not be accepted. Tenders will not be received at the Department of the Treasury, Washington.

The Treasury may reschedule this auction unless it has assurance of enactment of legislation to raise the statutory debt limit by August 6, 1990.

The bills will be issued on a discount basis under competitive bidding, and at maturity their par amount will be payable without interest. The bills will be issued entirely in book-entry form in a minimum denomination of \$10,000 and in any higher \$5,000 multiple, on the records of the Federal Reserve Banks and Branches. Additional amounts of the bills may be issued to Federal Reserve Banks as agents for foreign and international monetary authorities at the average price of accepted competitive tenders.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities may submit tenders for account of customers, if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held as of 11:30 a.m., Eastern time, on the day of the auction. Such positions would include bills acquired through "when issued" trading, futures,

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and forward transactions as well as holdings of outstanding bills with the same maturity date as the new offering, e.g., bills with three months to maturity previously offered as six-month bills. Dealers, who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities, when submitting tenders for customers, must submit a separate tender for each customer whose net long position in the bill being offered exceeds \$200 million.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities.

Public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection of their tenders. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and the Secretary's action shall be final. The calculation of purchase prices for accepted bids will be carried to three decimal places on the basis of price per hundred, e.g., 99.923. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank or Branch in cash or other immediately-available funds on Wednesday, August 15, 1990.

If a bill is purchased at issue, and is held to maturity, the amount of discount is reportable as ordinary income on the Federal income tax return of the owner for the year in which the bill matures. Accrual-basis taxpayers, banks, and other persons designated in section 1281 of the Internal Revenue Code must include in income the portion of the discount for the period during the taxable year such holder held the bill. If the bill is sold or otherwise disposed of before maturity, any gain in excess of the basis is treated as ordinary income.

Department of the Treasury Circulars, Public Debt Series - Nos. 26-76 and 27-76, and this notice, prescribe the terms of these Treasury bills and govern the conditions of their issue. Copies of the circulars may be obtained from any Federal Reserve Bank or Branch.

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TALKING POINTS
FOR THE
FINANCING PRESS CONFERENCE

August 1, 1990

Today we are announcing the terms of our regular August quarterly refunding. However, since Congress has not completed action on legislation to increase the debt ceiling, I am only able to announce a tentative schedule of the auctions and settlement of the refunding issues. We will announce the final auction schedule as soon as there is assurance of enactment of legislation to raise the statutory debt limit. We are hopeful that an increase in the debt ceiling will be enacted in a timely manner.

I will also discuss the Treasury's financing requirements for the balance of the current calendar quarter and our estimated cash needs for the October-December 1990 quarter.

1. We are offering \$32.25 billion of notes and bonds to refund \$20.0 billion of privately-held notes maturing on August 15 and to raise approximately \$12.25 billion of cash. The three securities are:

-- First, a 3-year note in the amount of \$11.50 billion maturing on August 15, 1993. This note is scheduled to be auctioned on a yield basis on Tuesday, August 7. The minimum denomination will be \$5,000.

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-- Second, a 10-year note in the amount of \$10.50 billion maturing on August 15, 2000. This note is scheduled to be auctioned on a yield basis on Wednesday, August 8. The minimum denomination will be \$1,000.

-- Third, a 30-year bond maturing August 15, 2020 in the amount of \$10.25 billion. This bond is scheduled to be auctioned on a yield basis on Thursday, August 9. The minimum denomination will be \$1,000.

We will accept noncompetitive tenders up to \$1,000,000 for each of these issues.

2. We are also offering \$10 billion of 36-day cash management bills maturing September 20, 1990. The cash management bills are scheduled to be auctioned on a discount basis on Thursday, August 9, at 12:00 noon for settlement Wednesday, August 15. The minimum denomination will be \$1,000,000. Noncompetitive tenders will not be accepted.

3. It will be necessary to change the auction schedule, if the Treasury does not have assurance of final action on the debt limit by August 6. August 13 is the last day on which final Congressional action could occur in time for the Treasury to auction securities on August 14 and settle them on August 15. If Congress does wait until August 13 to act, Treasury's financing

- Second, a 10-year note in the amount of \$10.50 billion maturing on August 15, 2000. This note is scheduled to be auctioned on a yield basis on Wednesday, August 8. The minimum denomination will be \$1,000.

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3. It will be necessary to change the auction schedule, if the Treasury does not have assurance of final action on the debt limit by August 6. August 13 is the last day on which final Congressional action could occur in time for the Treasury to auction securities on August 14 and settle them on August 15. If Congress does wait until August 13 to act, Treasury's financing

options will be limited and costly.

4. For the current July-September quarter, we estimate a net market borrowing need of \$63.5 billion, which includes Treasury borrowing to finance Federal Financing Bank lending to the Resolution Trust Corporation, and assumes a \$30 billion cash balance at the end of September. We may want to have a higher balance, depending upon our assessment of cash needs at the time.

Including this refunding, we will have raised \$40.1 billion of the \$63.5 billion in net market borrowing needed this July-September quarter. This net borrowing was accomplished as follows:

- \$3.4 billion of cash from the 2- and 4-year notes which settled July 2;
- \$3.4 billion of cash from the 7-year note that settled July 16;
- \$2.9 billion of cash from the 2-year note which settled July 31;
- \$15.0 billion of cash in regular weekly bills, including the bills announced yesterday;
- \$3.1 billion of cash in 52-week bills; and
- \$12.25 billion of cash from the refunding issues announced today.

The \$23.4 billion to be raised in the rest of the July-September

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4. For the current July-September quarter, we estimate a net market borrowing need of \$63.5 billion, which includes Treasury borrowing to finance Federal Financing Bank lending to the Resolution Trust Corporation, and assumes a \$30 billion cash balance at the end of September. We may want to have a higher balance, depending upon our assessment of cash needs at the time.

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- \$12.25 billion of cash from the refunding issues announced today.

The \$23.4 billion to be raised in the rest of the July-September

quarter could be accomplished through sales of regular 13-, 26-, and 52-week bills, a 2-year note in August and a 5-year 2-month note in early September. Additional cash management bills may be necessary to cover the low point in the cash balance in early September.

The \$4 billion cash management bills announced yesterday and the \$10 billion cash management bills announced today mature September 20. Since these bills will be issued and mature within the July-September quarter they do not affect the net market borrowing total.

5. We estimate Treasury net market borrowing needs to be in the range of \$65 to \$70 billion for the October-December quarter, assuming a \$30 billion cash balance on December 31. The Treasury's October-December borrowing estimate does not include any allowance for FFB lending to the RTC. Treasury plans to update its market borrowing estimate for the October-December quarter as soon as the Oversight Board has reviewed and approved the RTC's working capital budget for that period.

6. We anticipate that the next auction of REFCORP bonds will be announced on October 2, for auction October 9, and settlement October 16.

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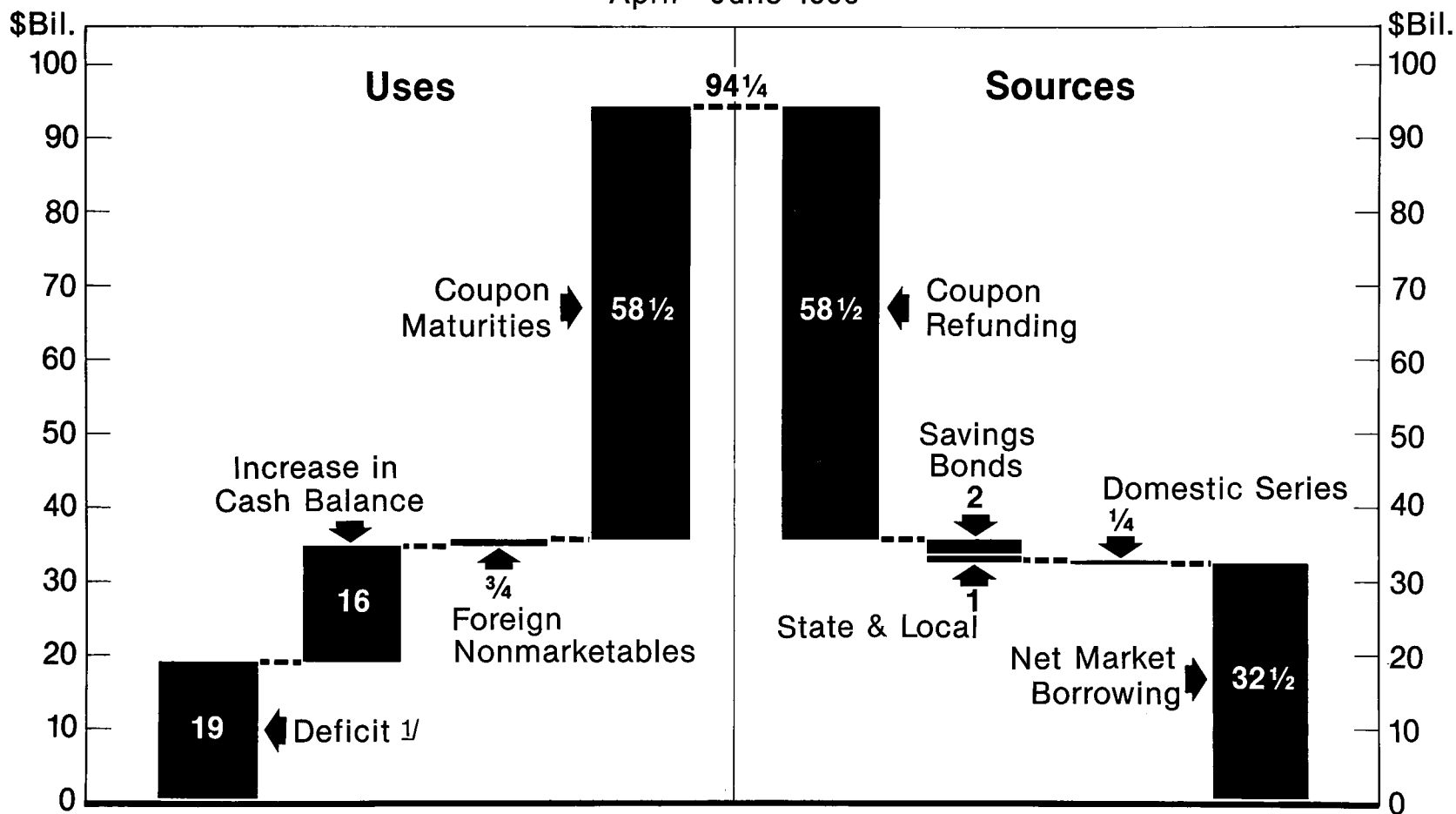
6. We anticipate that the next auction of REFCORP bonds will be announced on October 2, for auction October 9, and settlement October 16.

7. The 10-year notes and 30-year bonds announced today will be eligible for conversion to STRIPS (Separate Trading of Registered Interest and Principal of Securities) and, accordingly, may be divided into separate interest and principal components.

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TREASURY FINANCING REQUIREMENTS

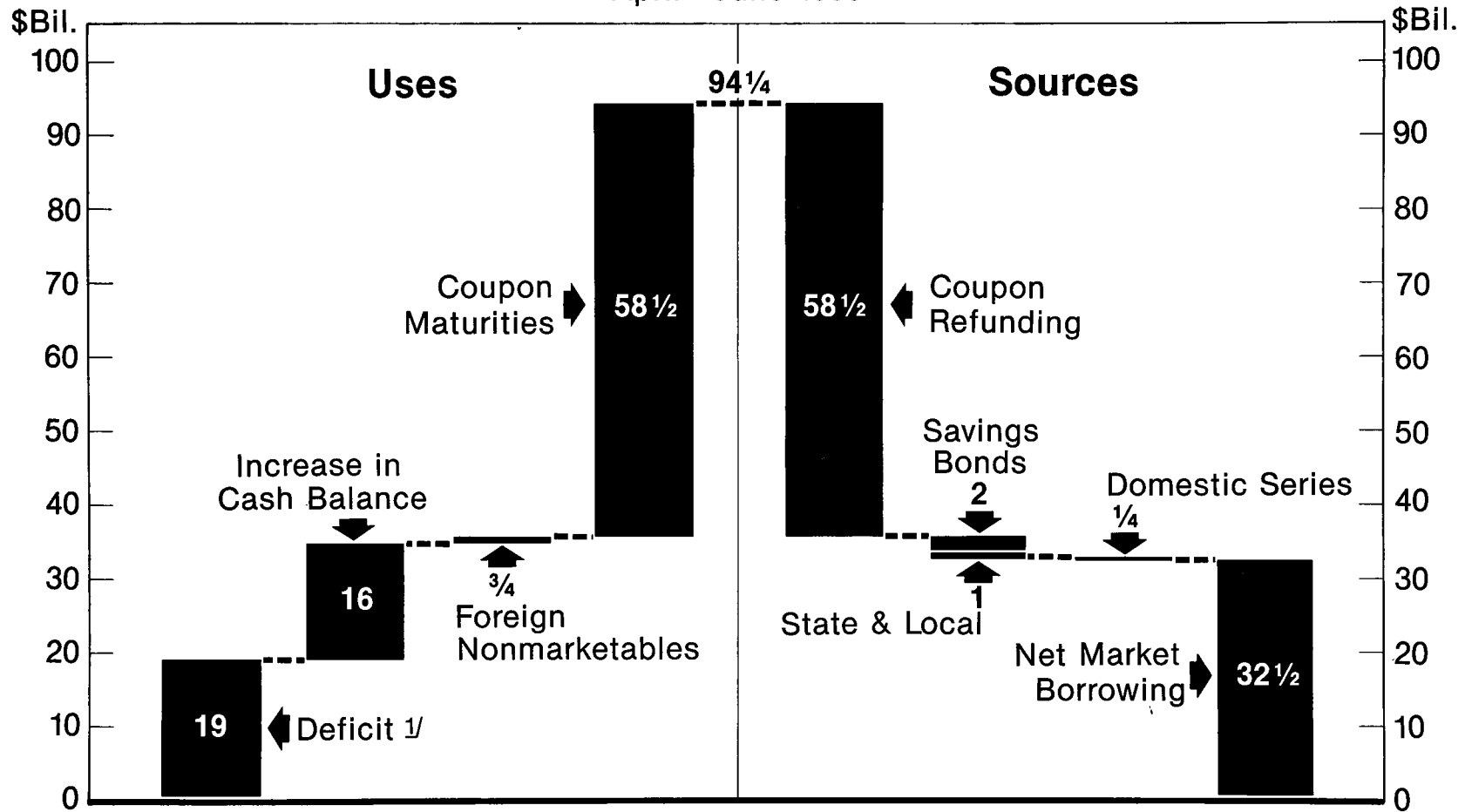
April - June 1990



1/ Includes budget deficit, changes in accrued interest and checks outstanding, transfer of $\$3\frac{1}{2}$ billion of REFCORP bond proceeds to RTC, and minor miscellaneous debt transactions.

TREASURY FINANCING REQUIREMENTS

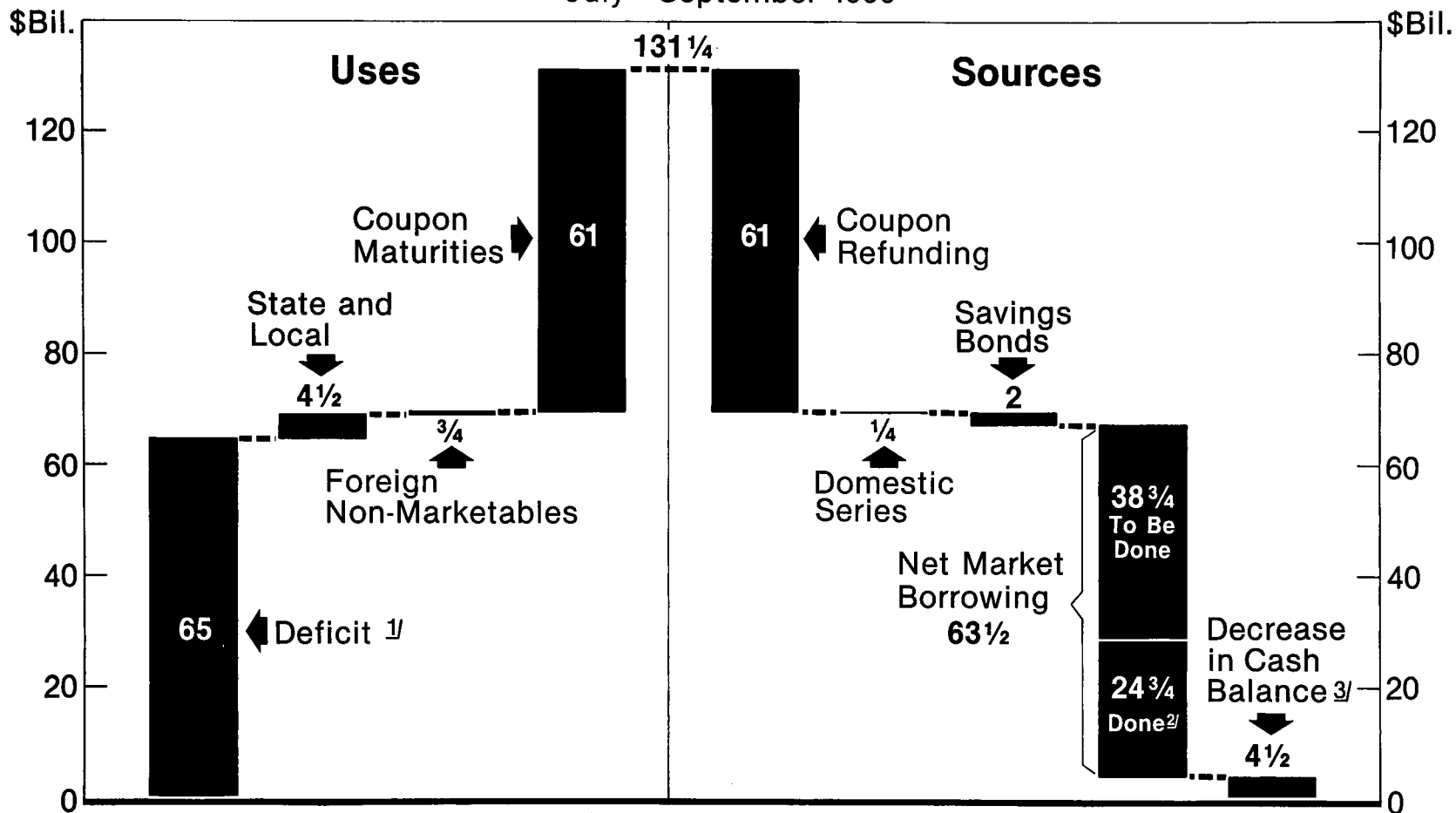
April - June 1990



1/ Includes budget deficit, changes in accrued interest and checks outstanding, transfer of $\$3\frac{1}{2}$ billion of REFCORP bond proceeds to RTC, and minor miscellaneous debt transactions.

TREASURY FINANCING REQUIREMENTS

July - September 1990



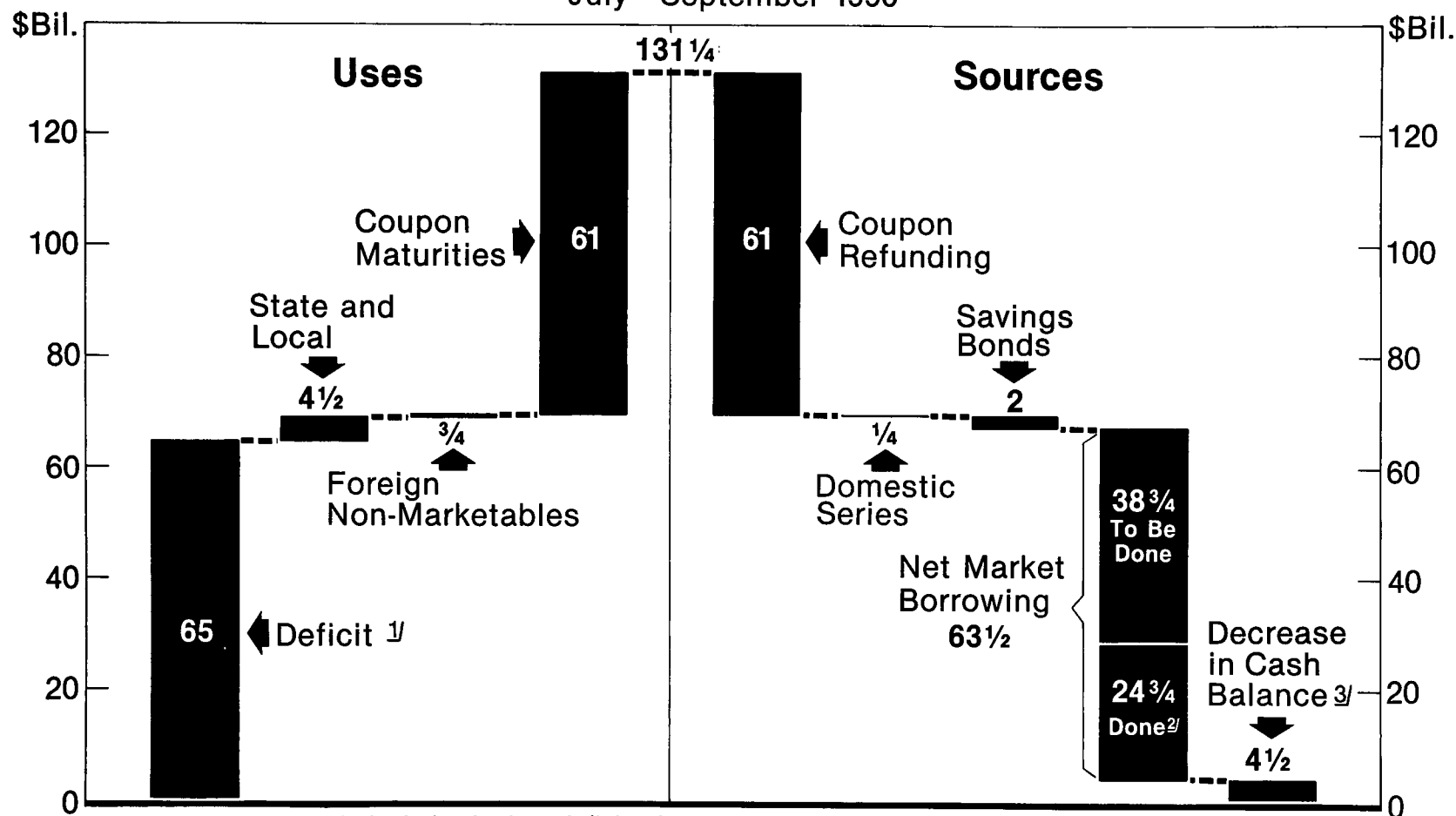
1/ Includes budget deficit, changes in accrued interest and checks outstanding, transfer of \$5 billion of REFCORP bond proceeds to RTC, and minor miscellaneous debt transactions.

2/ Issued or announced through July 27, 1990.

3/ Assumes a \$30 billion cash balance September 30, 1990.

TREASURY FINANCING REQUIREMENTS

July - September 1990



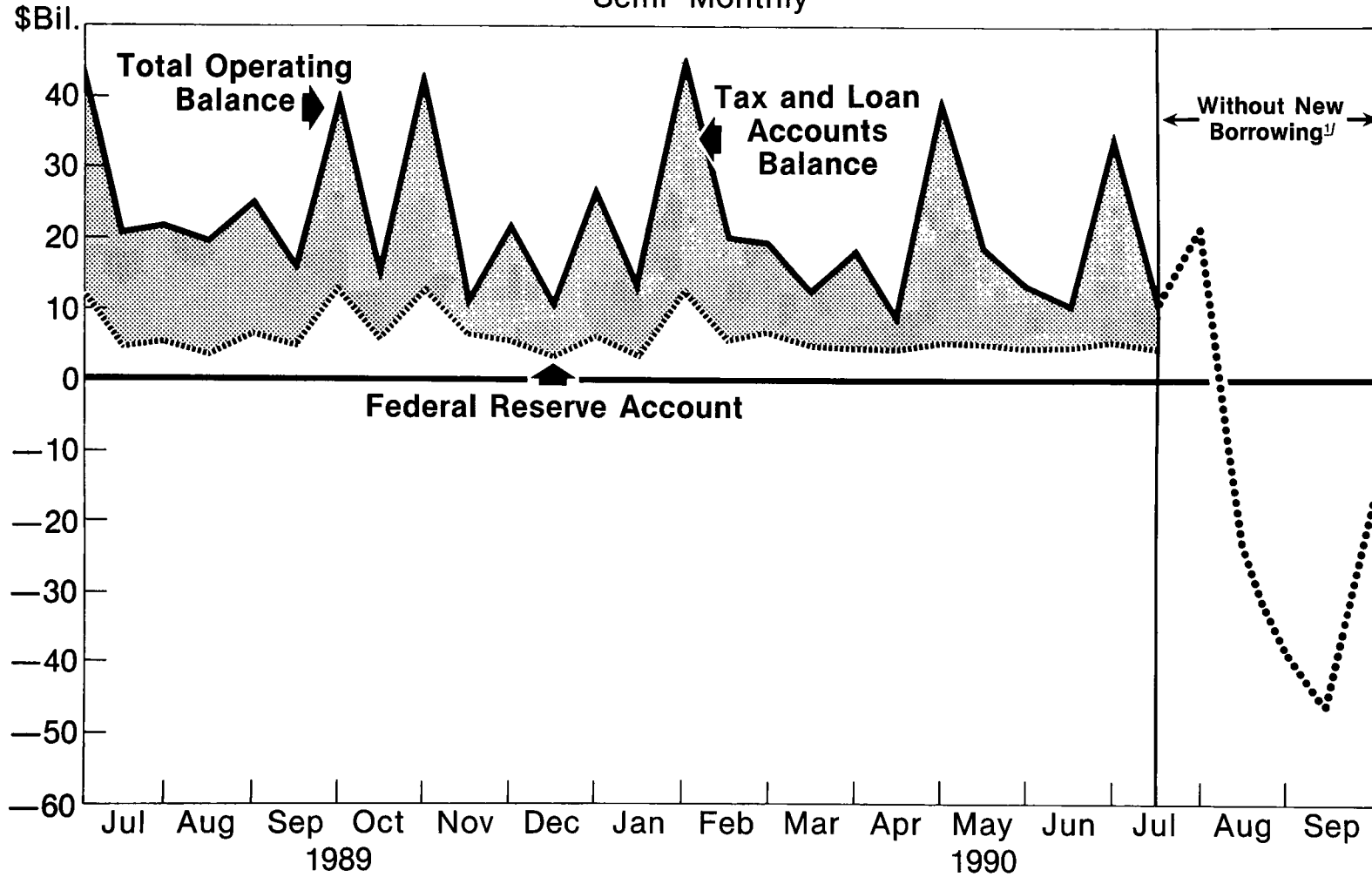
^{1/} Includes budget deficit, changes in accrued interest and checks outstanding, transfer of \$5 billion of REFCORP bond proceeds to RTC, and minor miscellaneous debt transactions.

^{2/} Issued or announced through July 27, 1990.

^{3/} Assumes a \$30 billion cash balance September 30, 1990.

TREASURY OPERATING CASH BALANCE

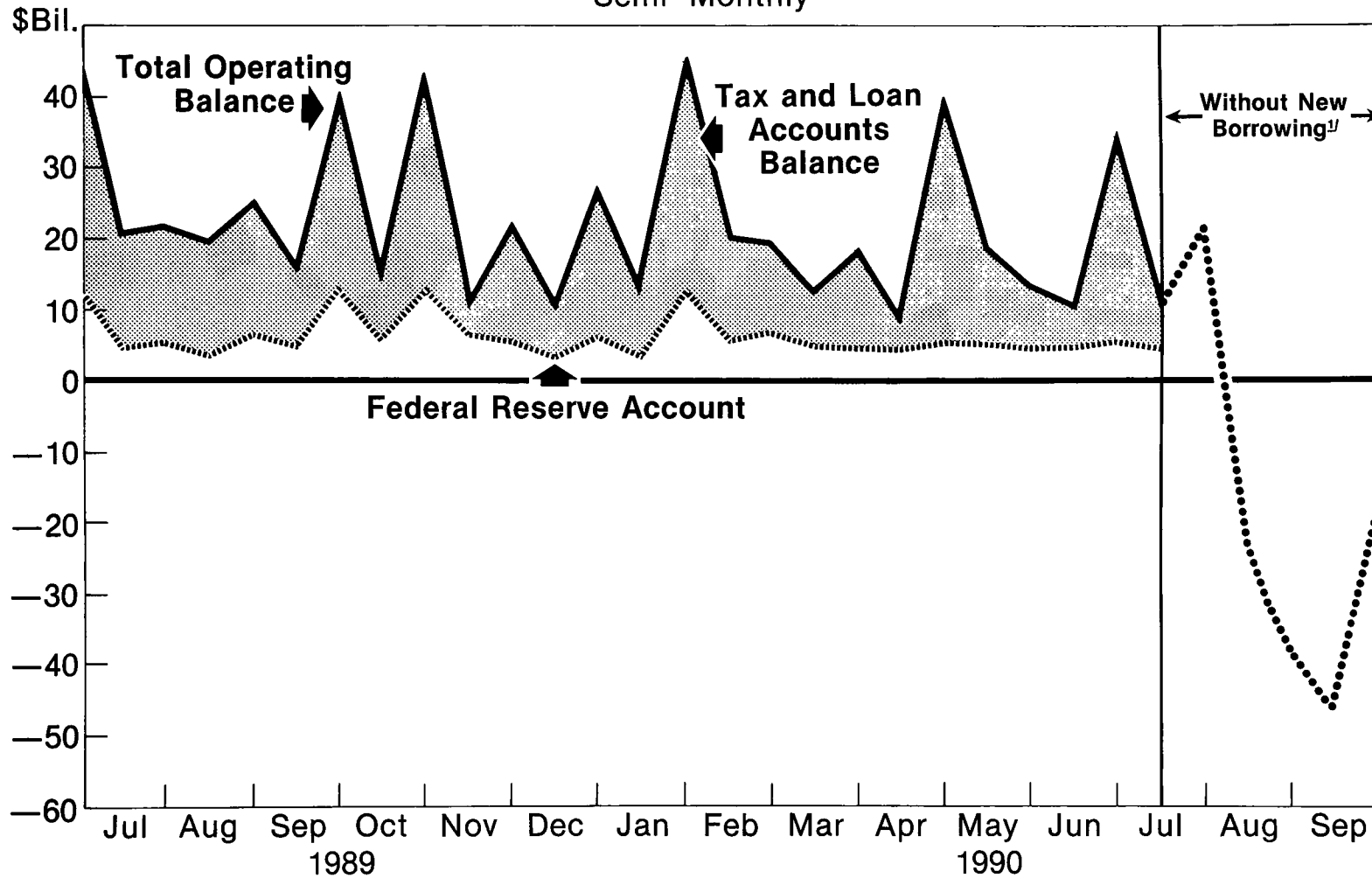
Semi-Monthly



1/ Assumes refunding of maturing issues, excluding CMB maturing September 20 and FTN maturing August 15.

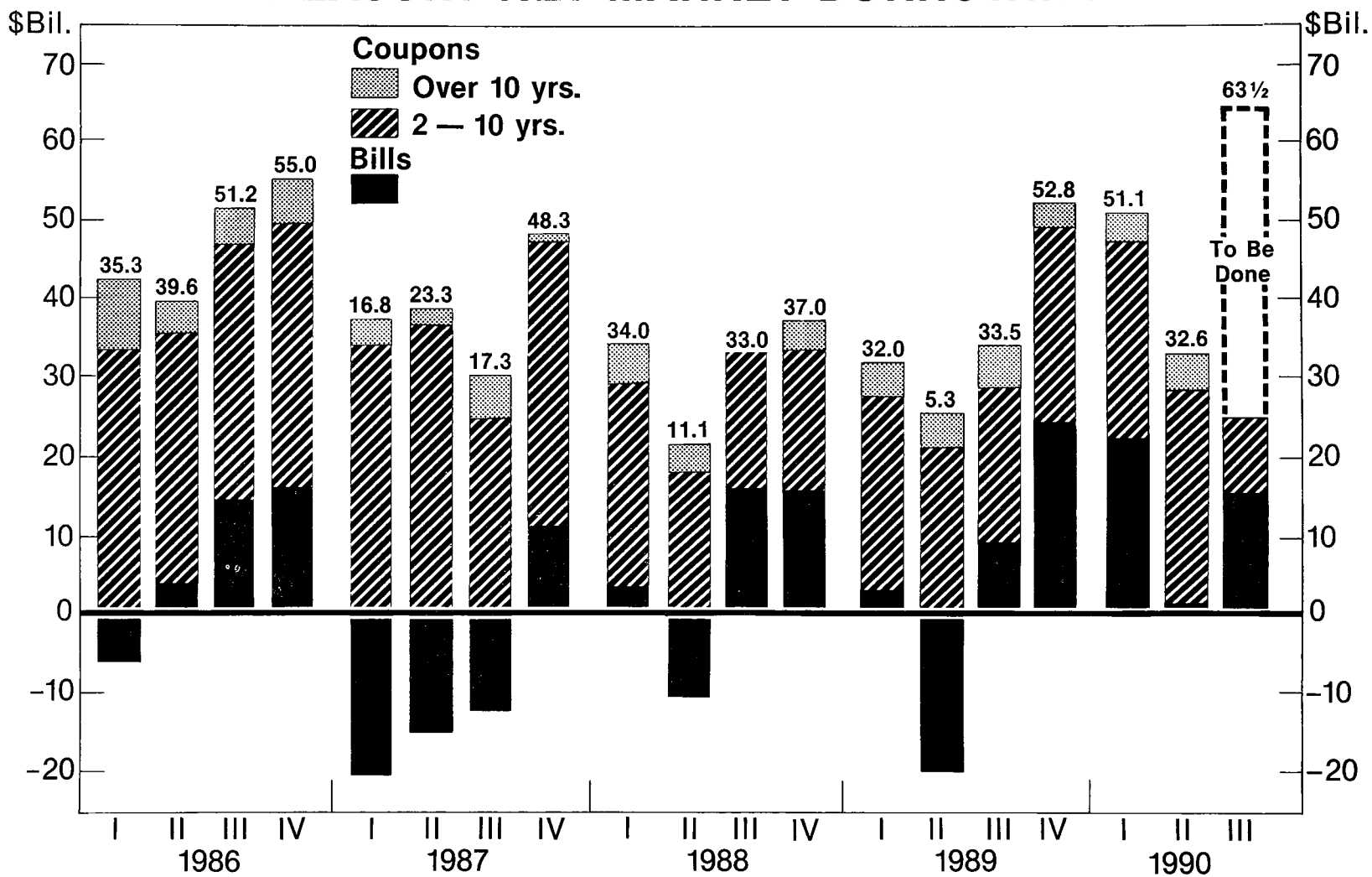
TREASURY OPERATING CASH BALANCE

Semi-Monthly



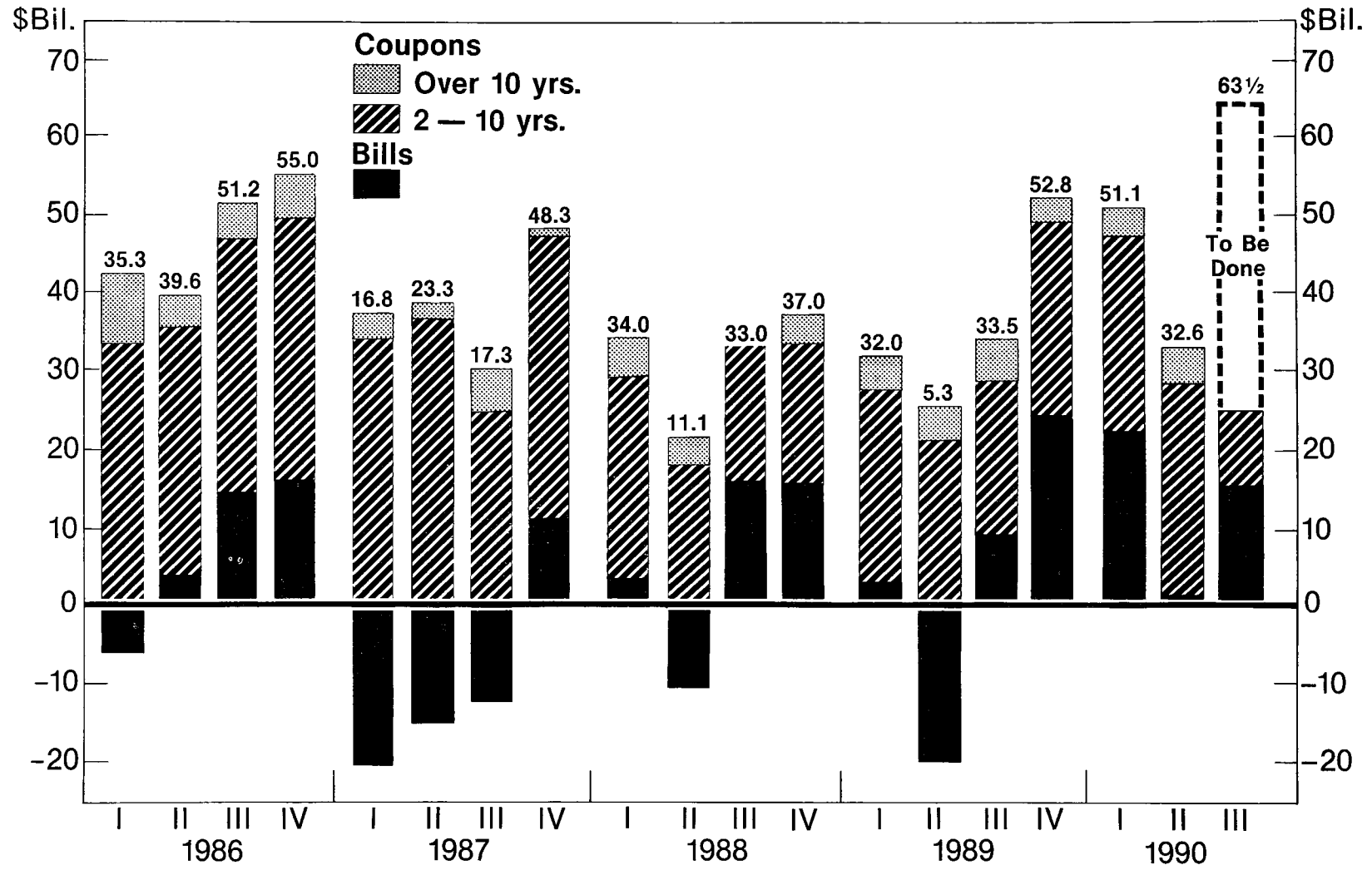
1/ Assumes refunding of maturing issues, excluding CMB maturing September 20 and FTN maturing August 15.

TREASURY NET MARKET BORROWING^{1/}

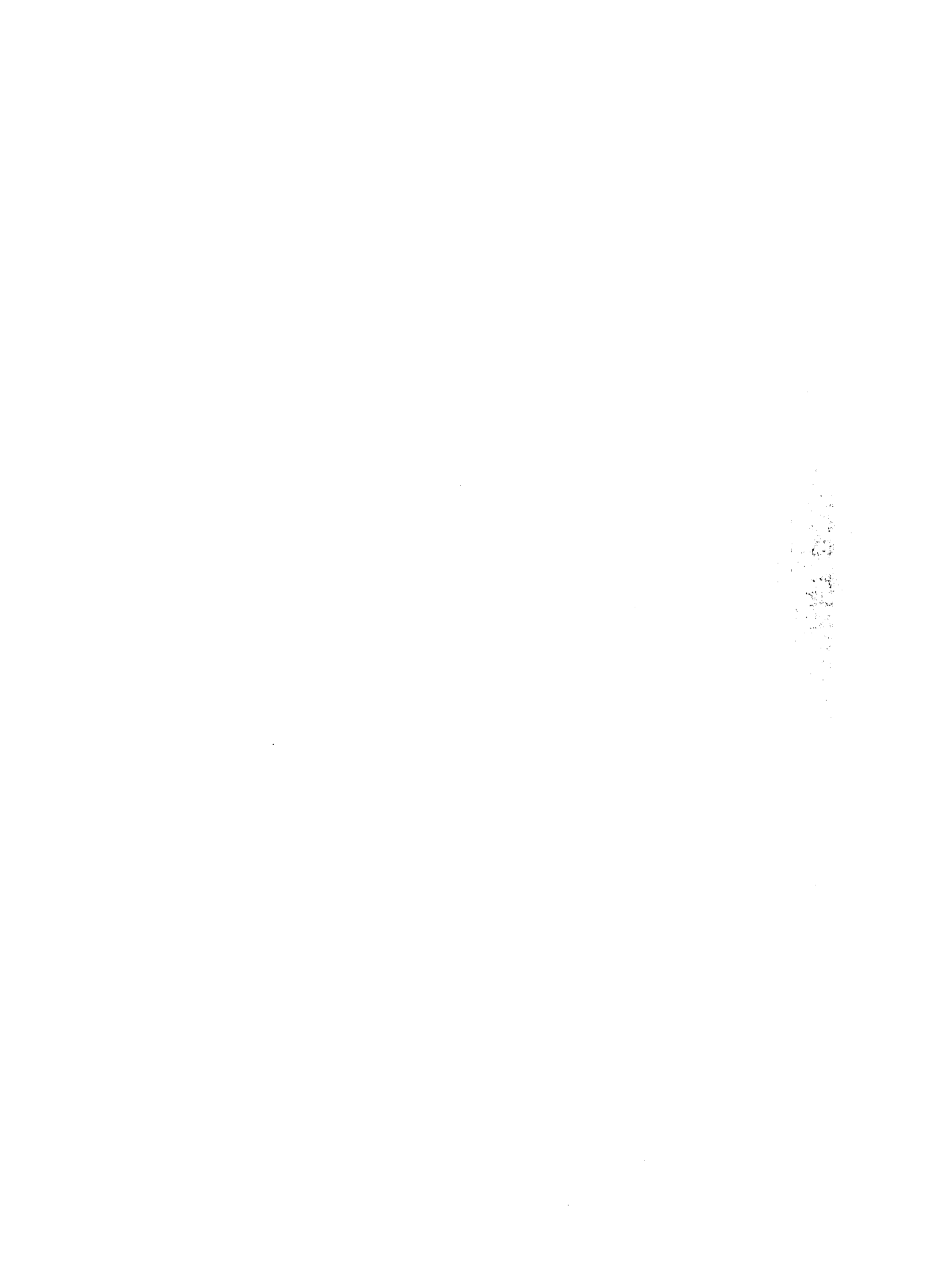


^{1/}Excludes Federal Reserve and Government Account Transactions.

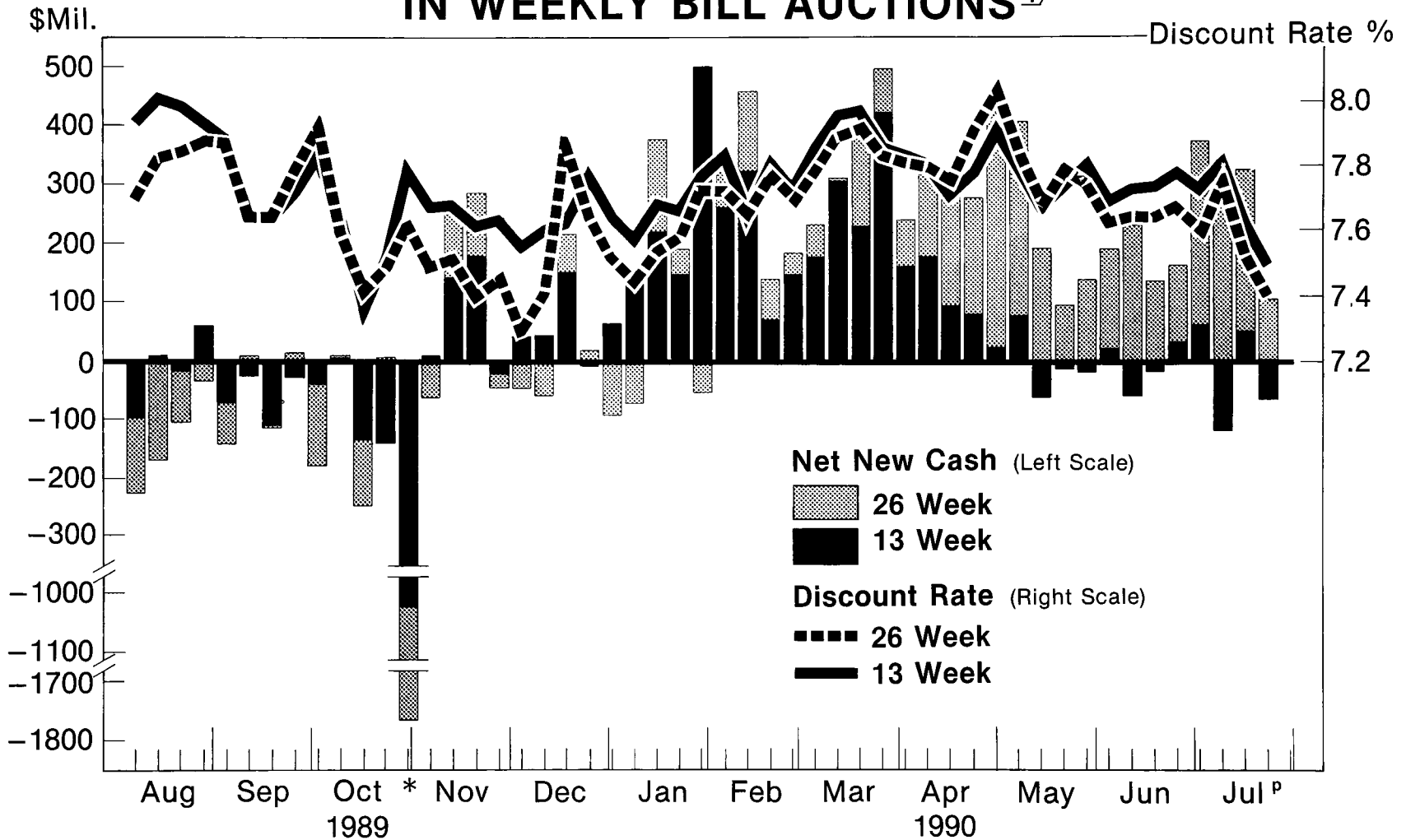
TREASURY NET MARKET BORROWING^{1/}



^{1/}Excludes Federal Reserve and Government Account Transactions.



NET NEW CASH FROM NONCOMPETITIVE TENDERS IN WEEKLY BILL AUCTIONS ^{1/}

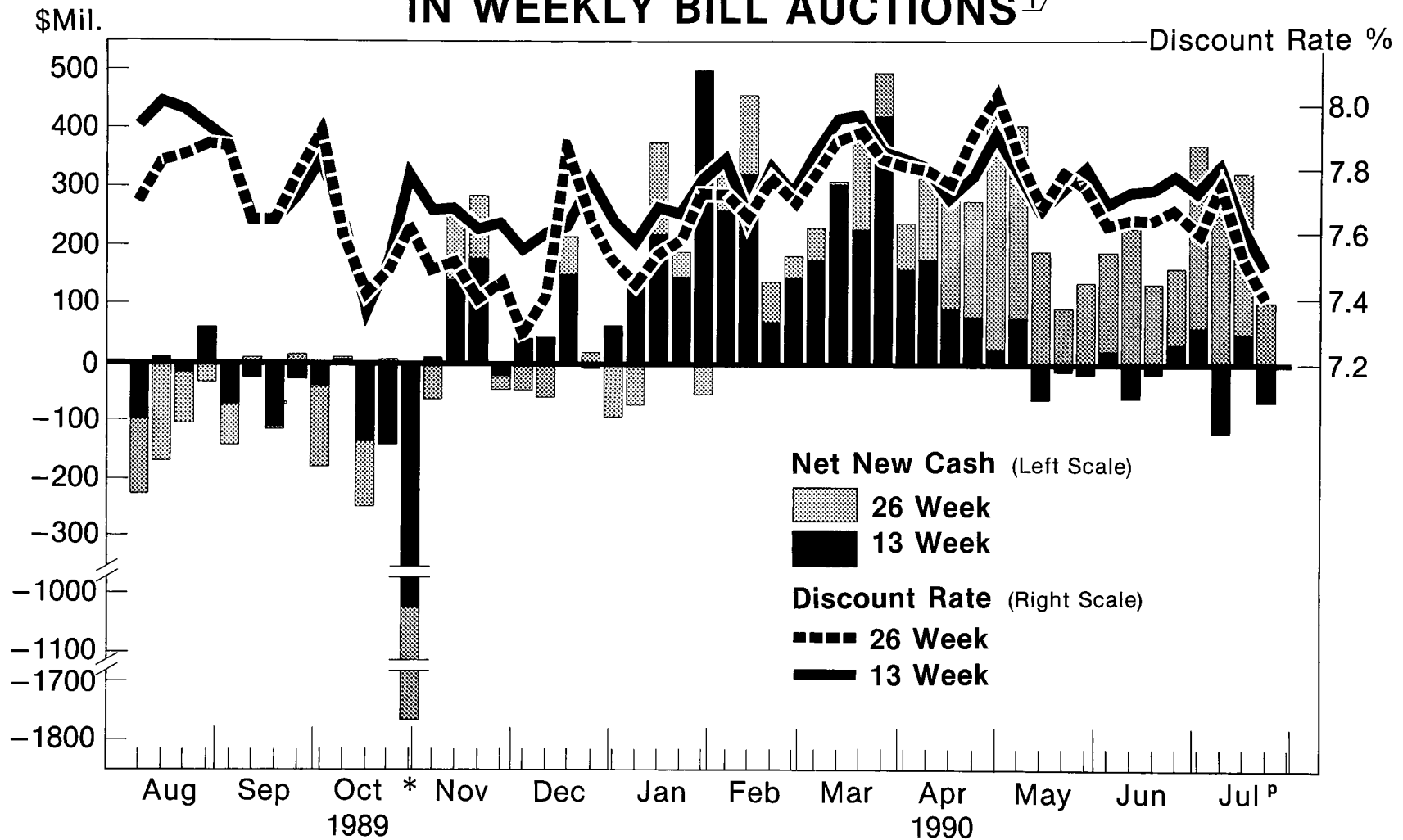


^{1/}Excludes noncompetitive tenders from foreign official accounts.

* No noncompetitive rollovers allowed in bill auctions.

P Preliminary

NET NEW CASH FROM NONCOMPETITIVE TENDERS IN WEEKLY BILL AUCTIONS^{1/}

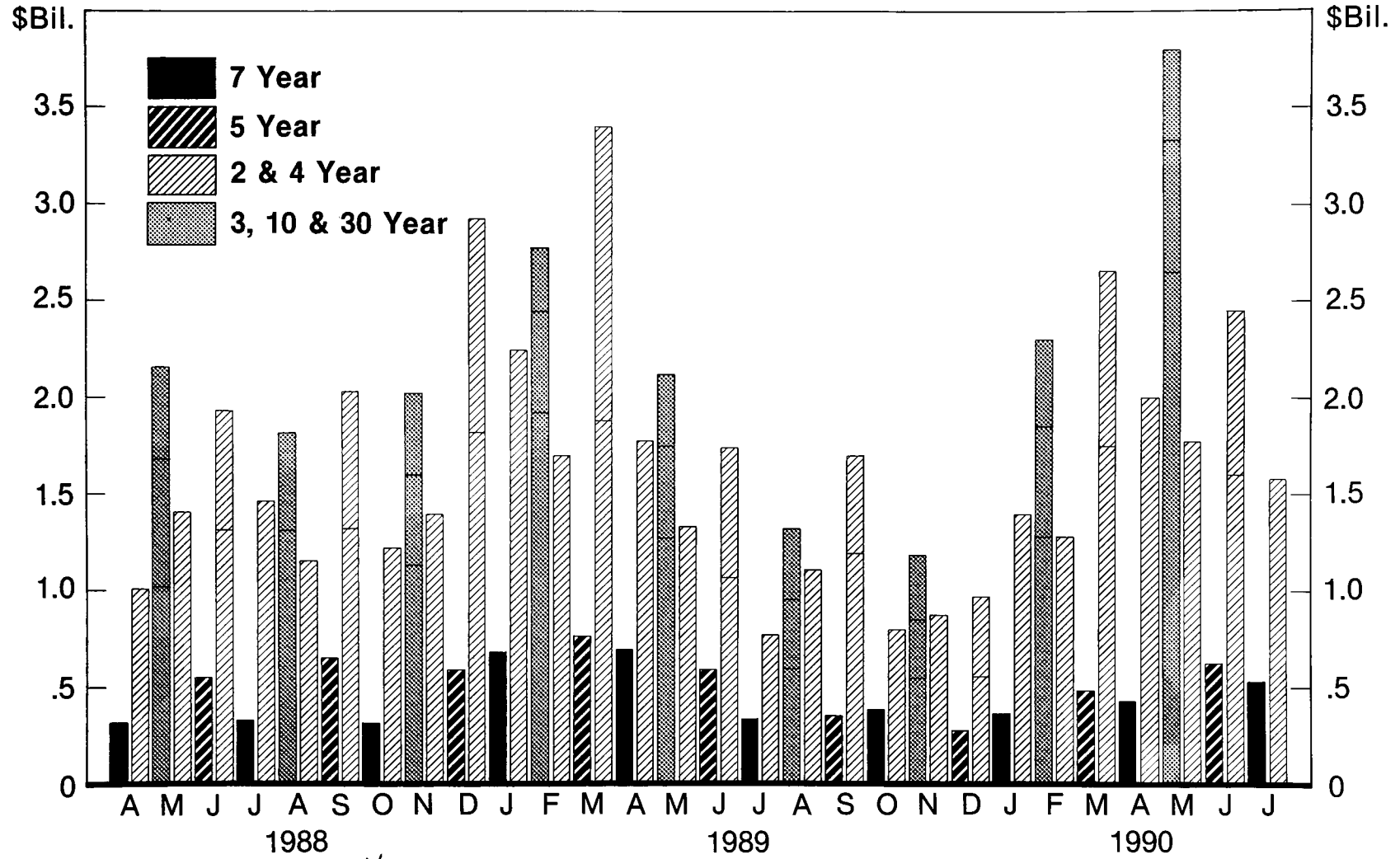


^{1/}Excludes noncompetitive tenders from foreign official accounts.

* No noncompetitive rollovers allowed in bill auctions.

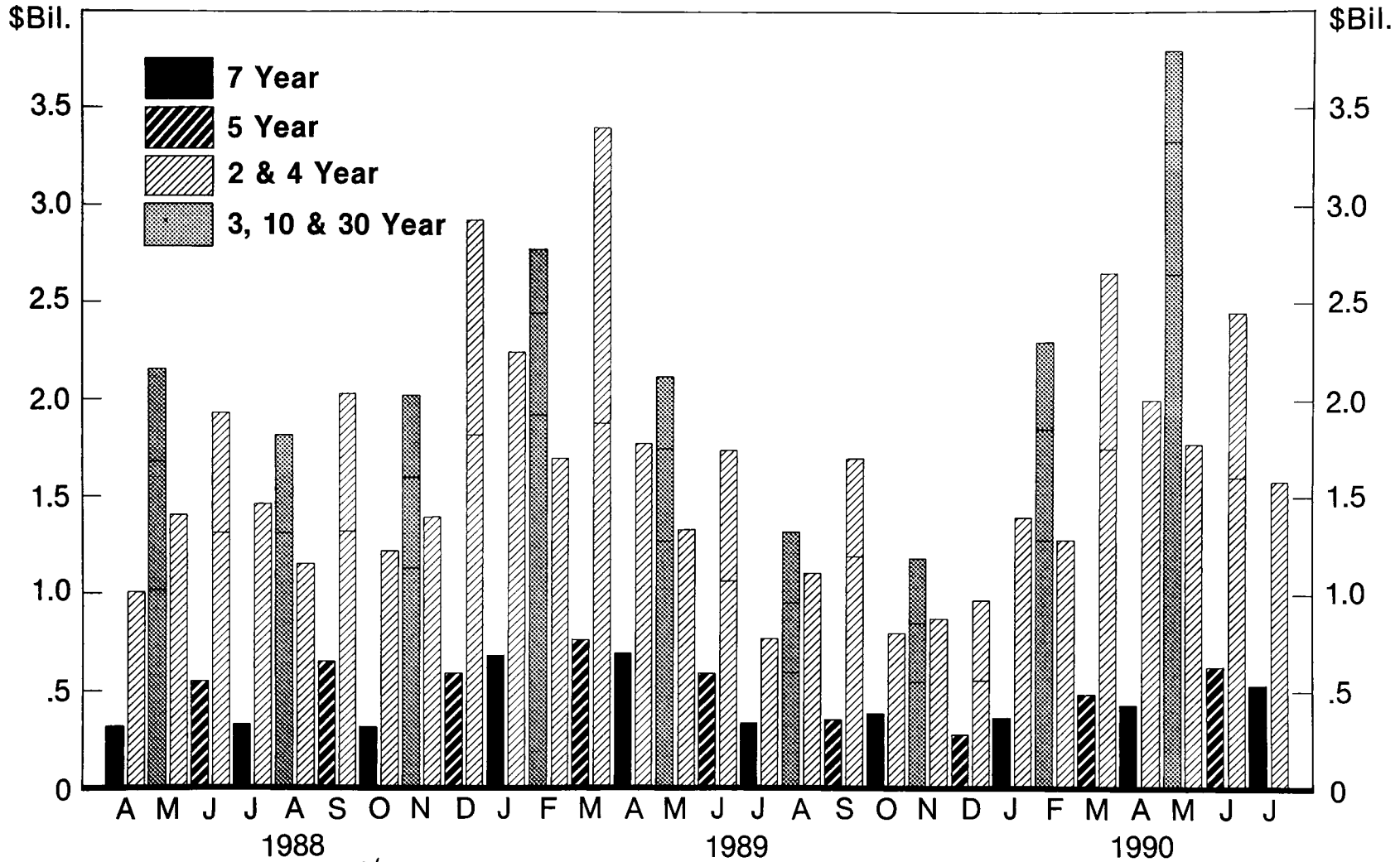
^P Preliminary

NONCOMPETITIVE TENDERS IN TREASURY NOTES AND BONDS ^{1/}



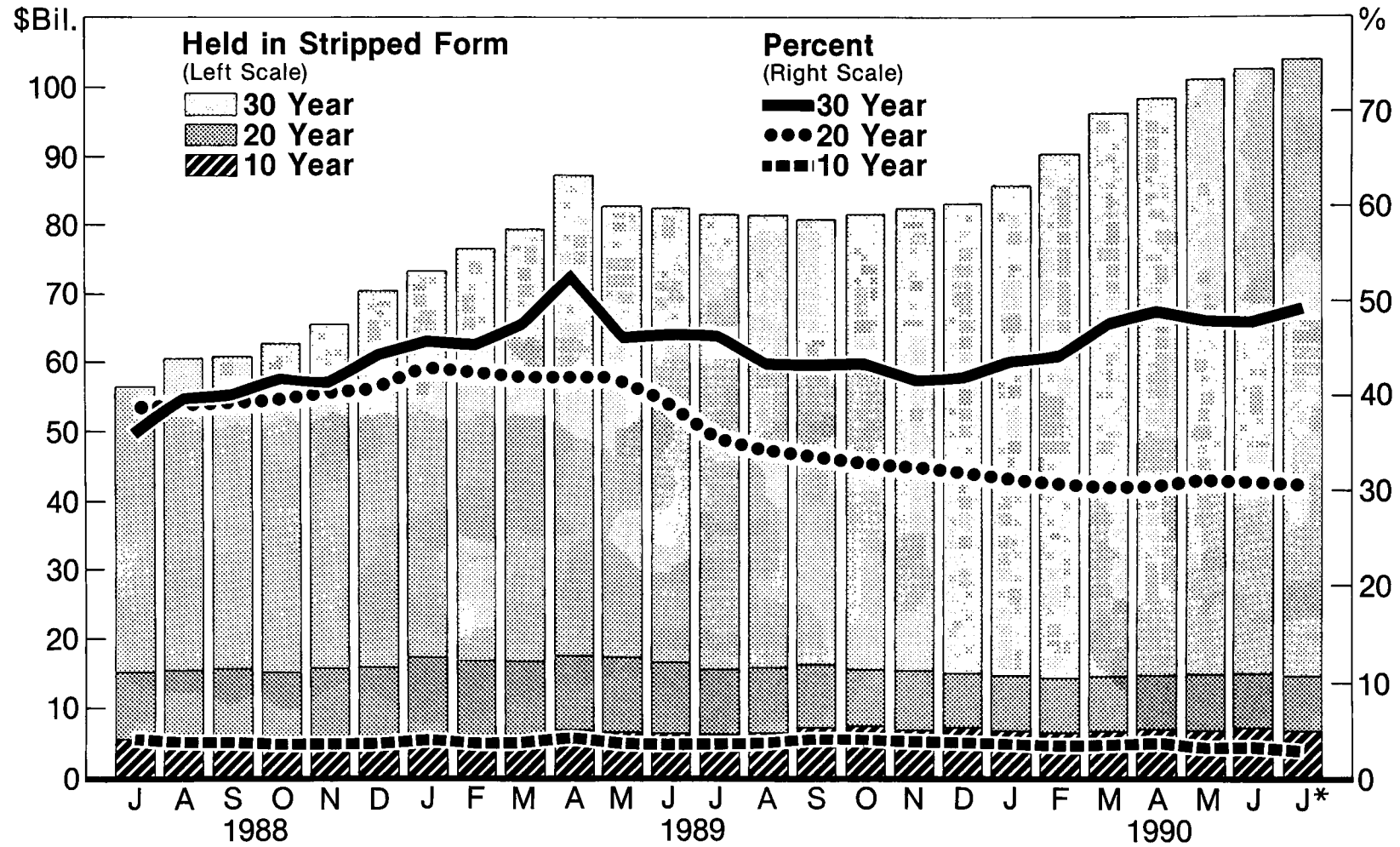
^{1/}Excludes noncompetitive tenders from foreign add-ons.

NONCOMPETITIVE TENDERS IN TREASURY NOTES AND BONDS ^{1/}



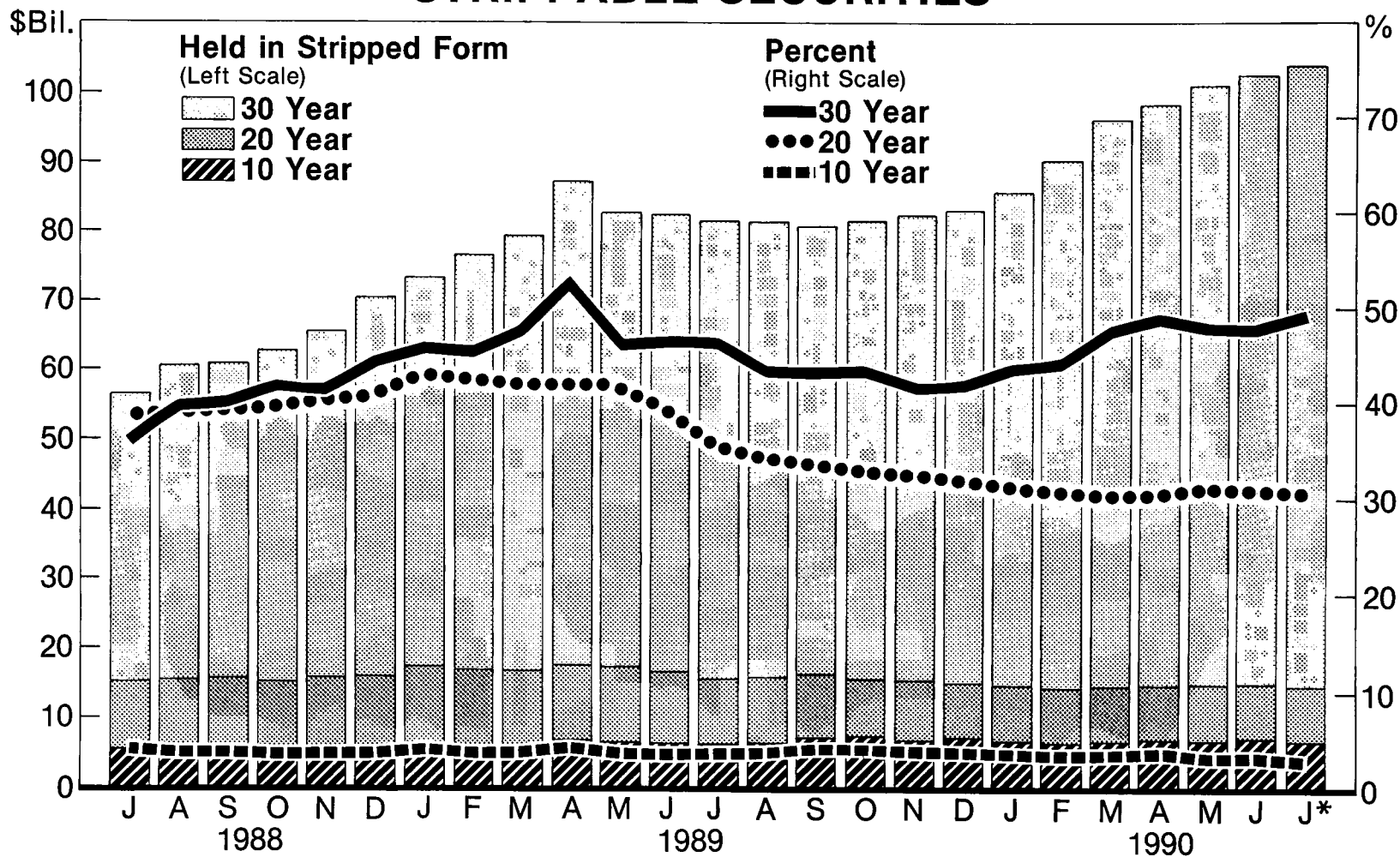
^{1/}Excludes noncompetitive tenders from foreign add-ons.

NET STRIPS AS A PERCENT OF PRIVATELY HELD STRIPPABLE SECURITIES



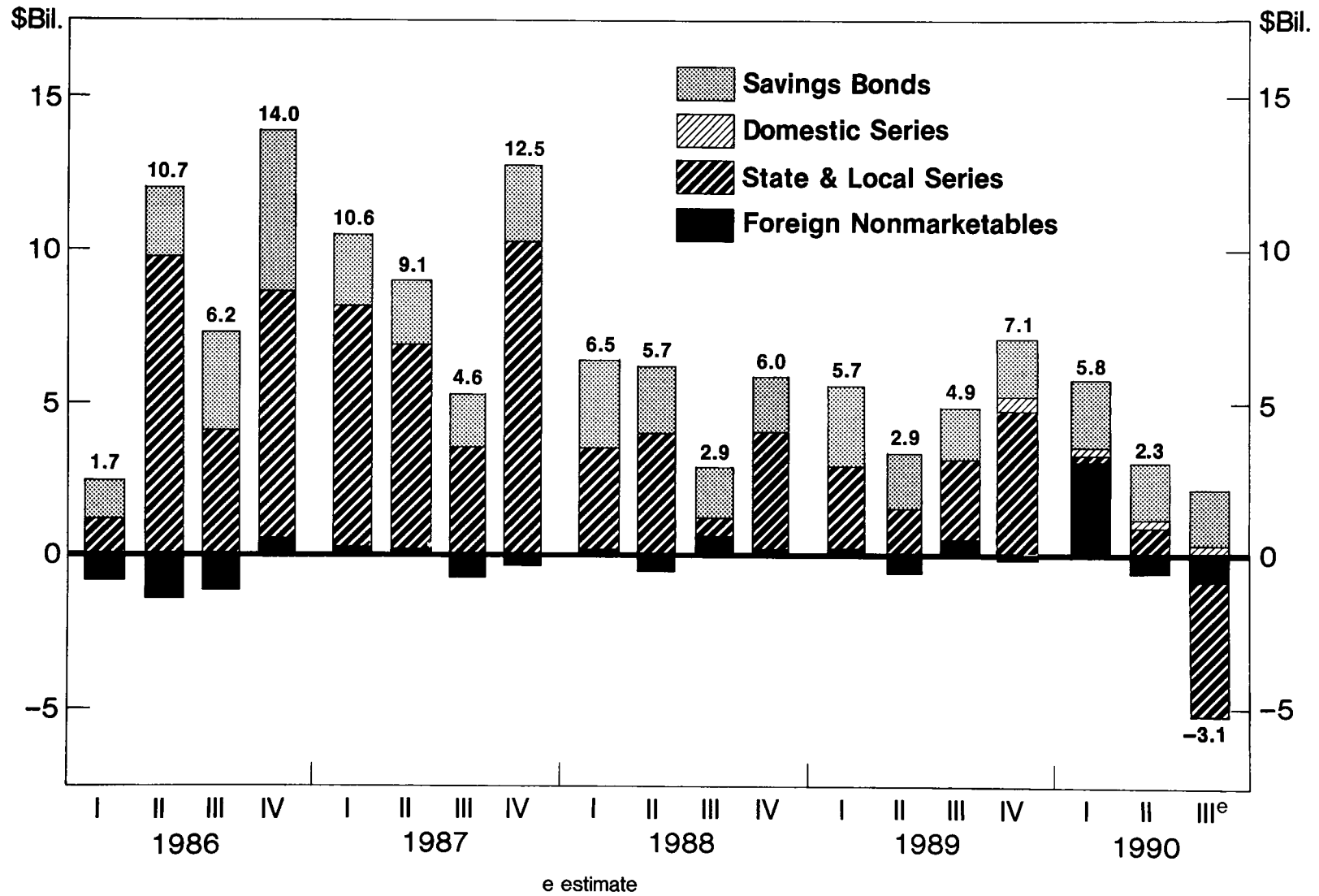
* Through July 20, 1990
 Note: Reconstitution began May 1, 1987

NET STRIPS AS A PERCENT OF PRIVATELY HELD STRIPPABLE SECURITIES

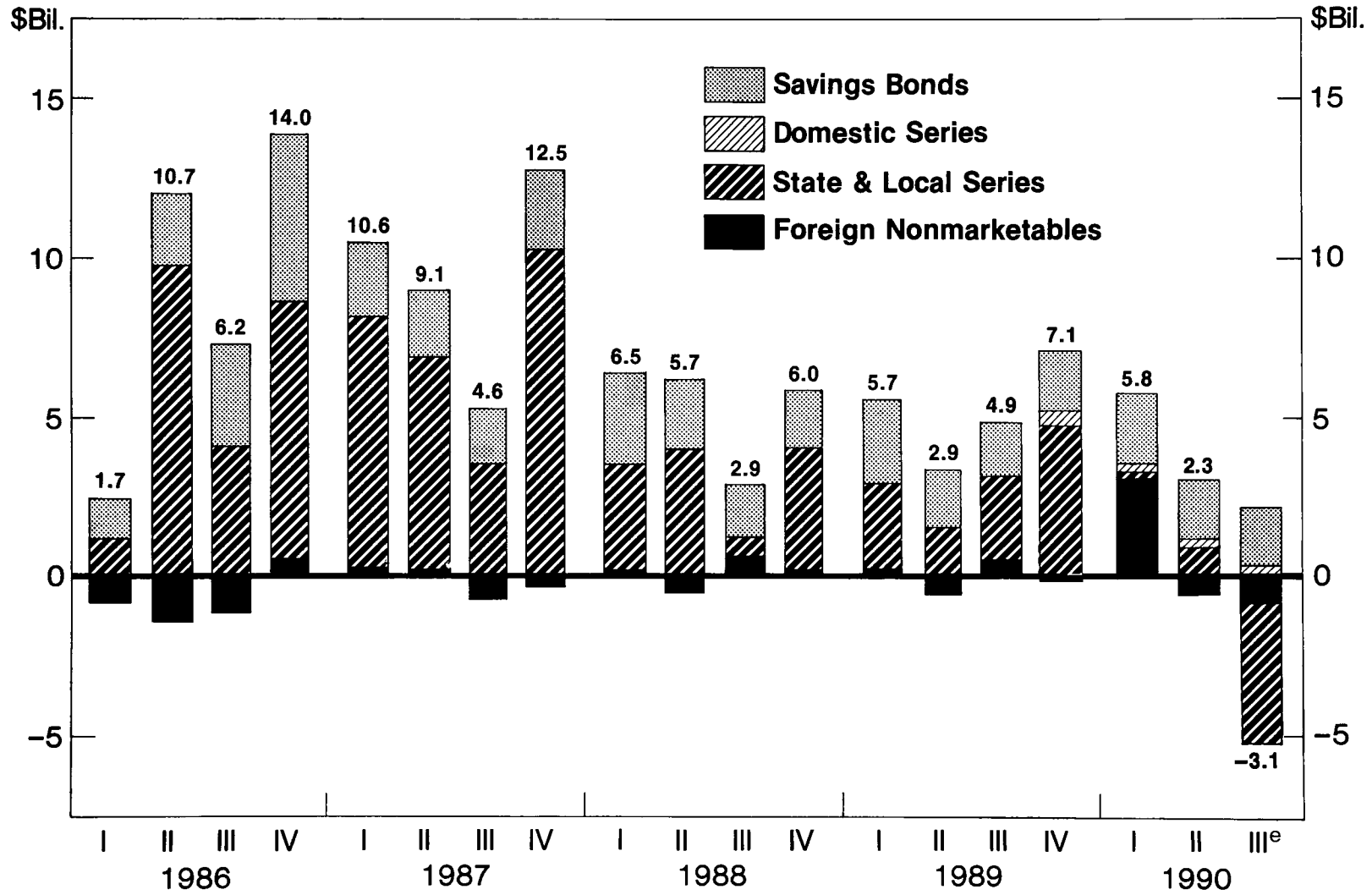


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TREASURY NET BORROWING FROM NONMARKETABLE ISSUES

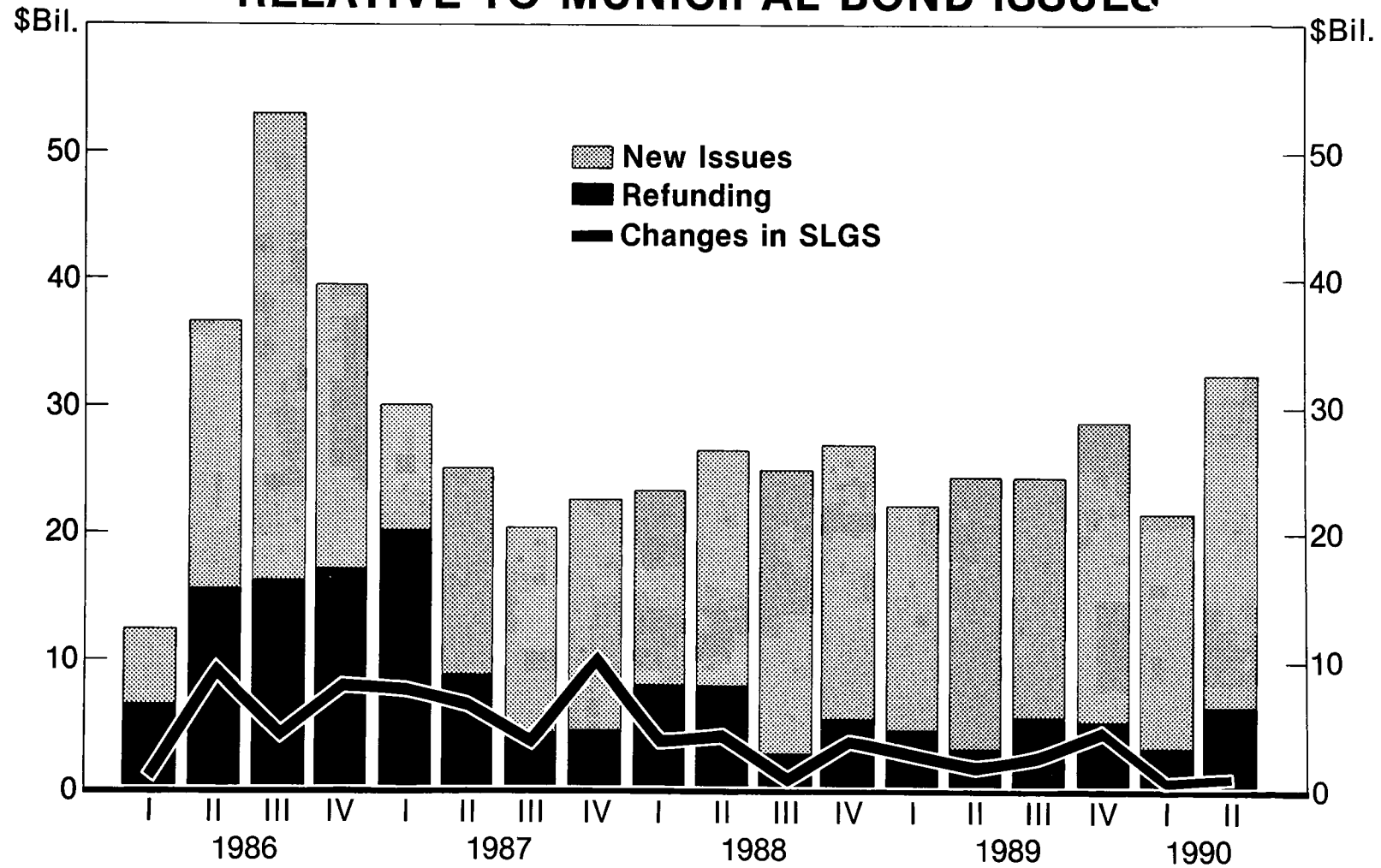


TREASURY NET BORROWING FROM NONMARKETABLE ISSUES

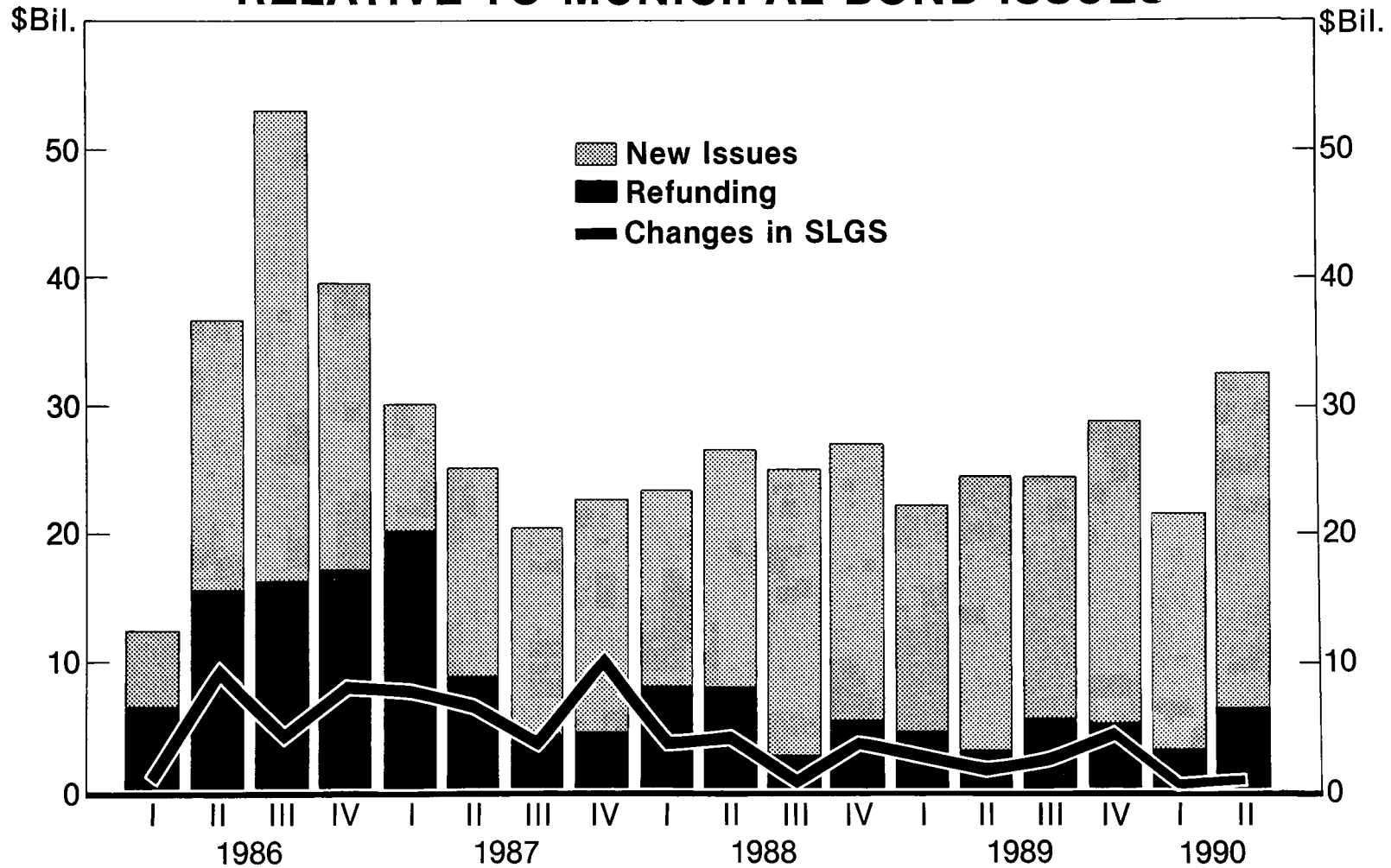


e estimate

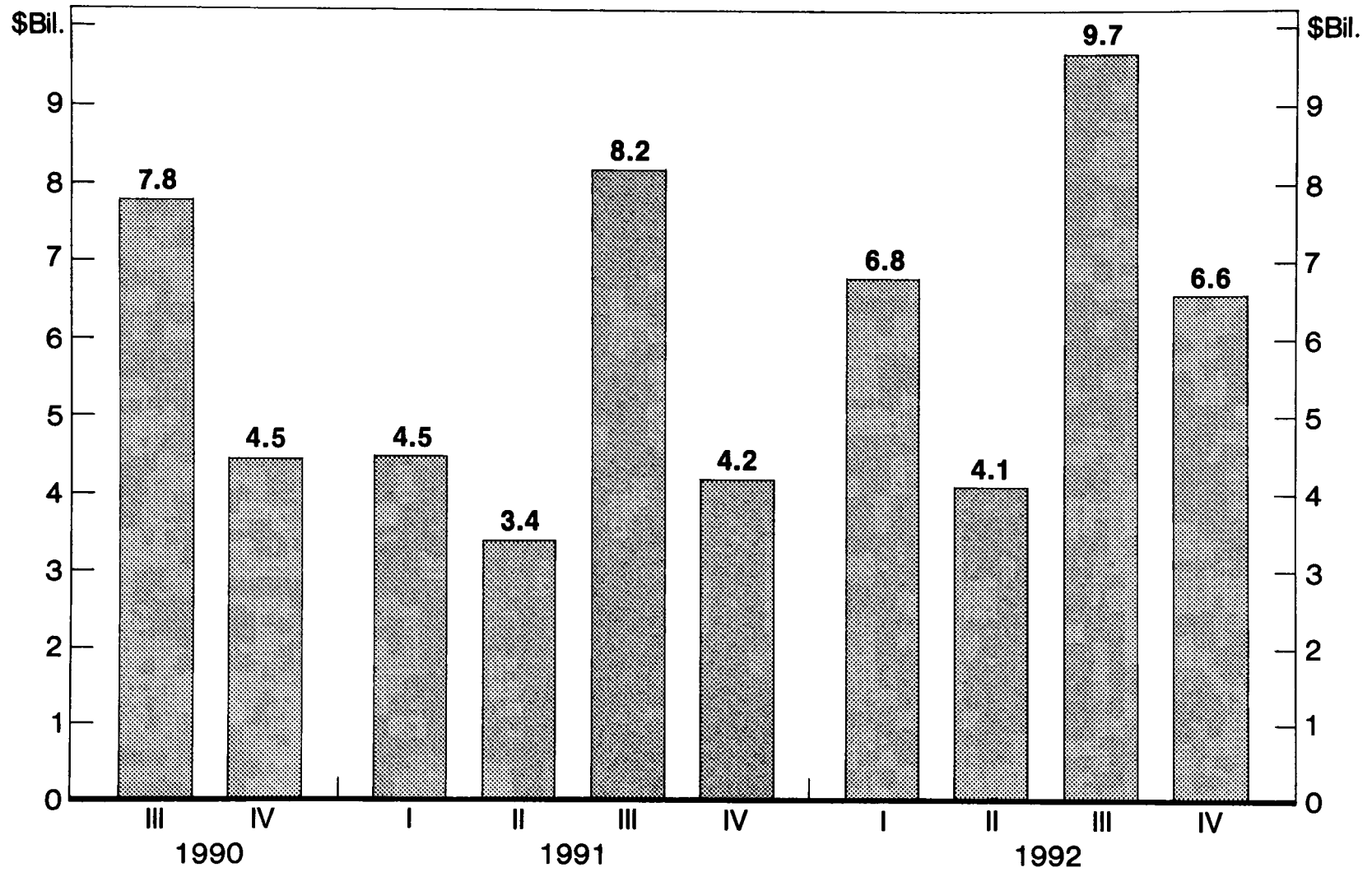
CHANGES IN STATE & LOCAL GOVERNMENT SERIES RELATIVE TO MUNICIPAL BOND ISSUES



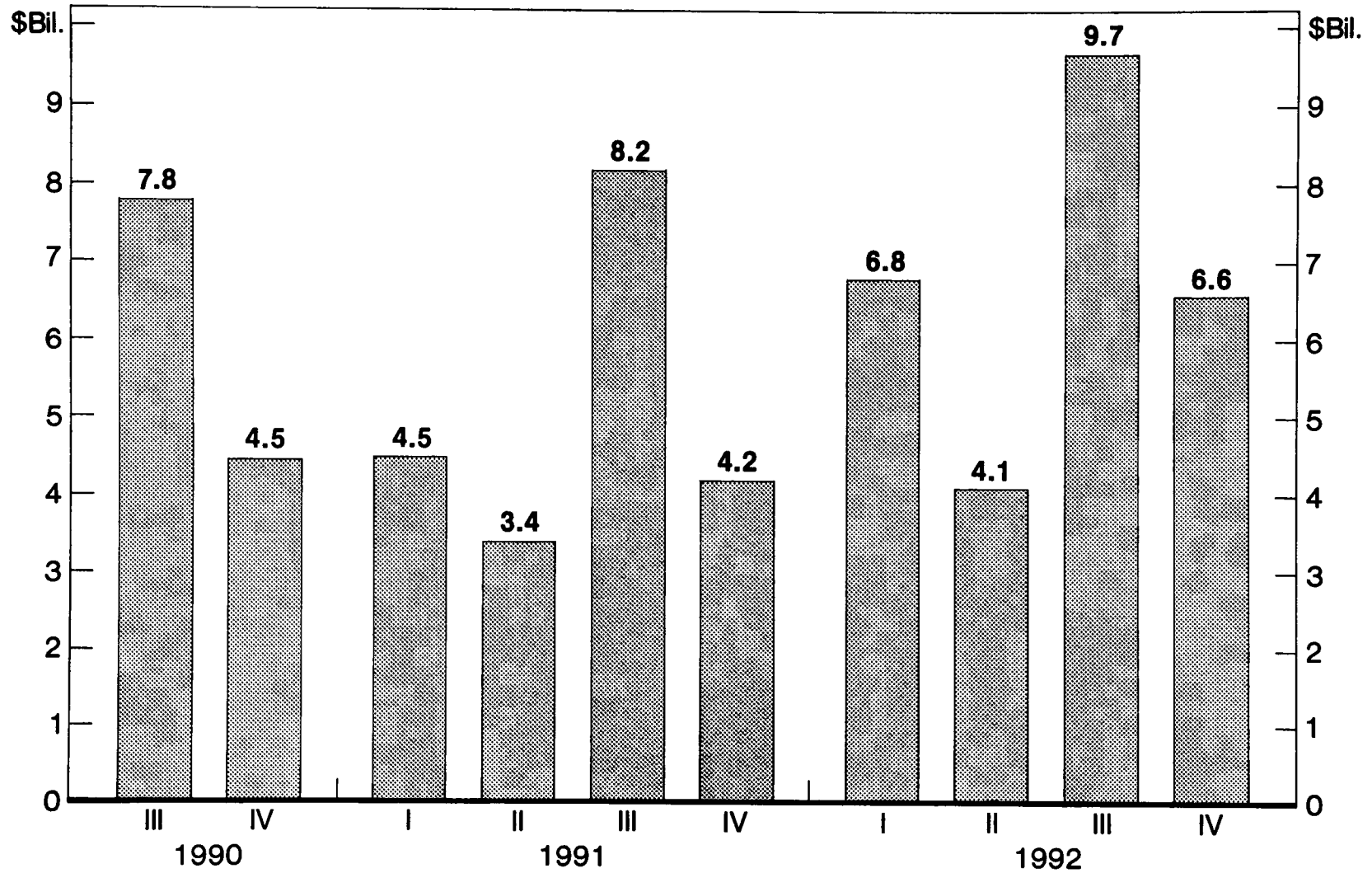
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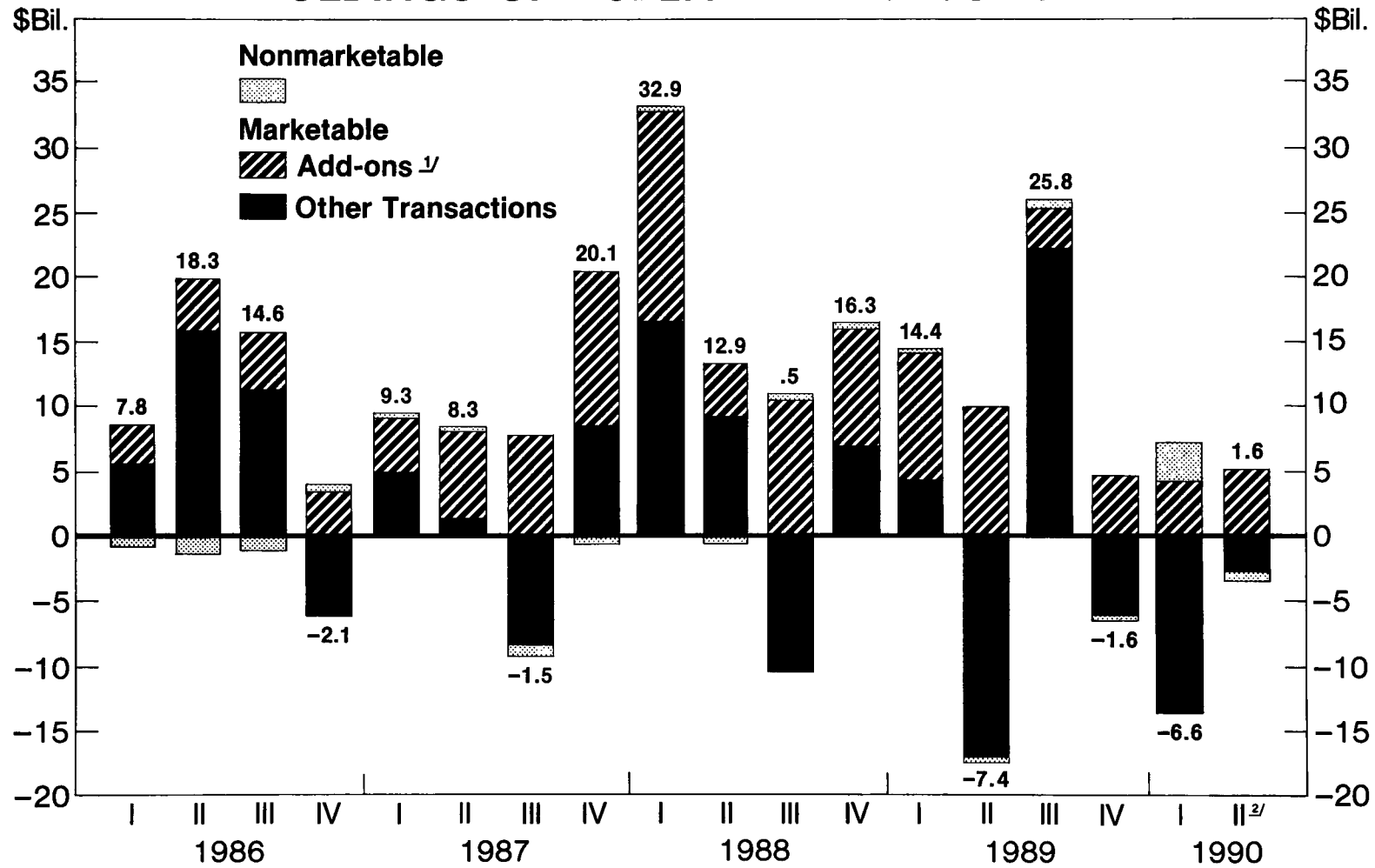
STATE AND LOCAL MATURITIES 1990—1992



STATE AND LOCAL MATURITIES 1990—1992



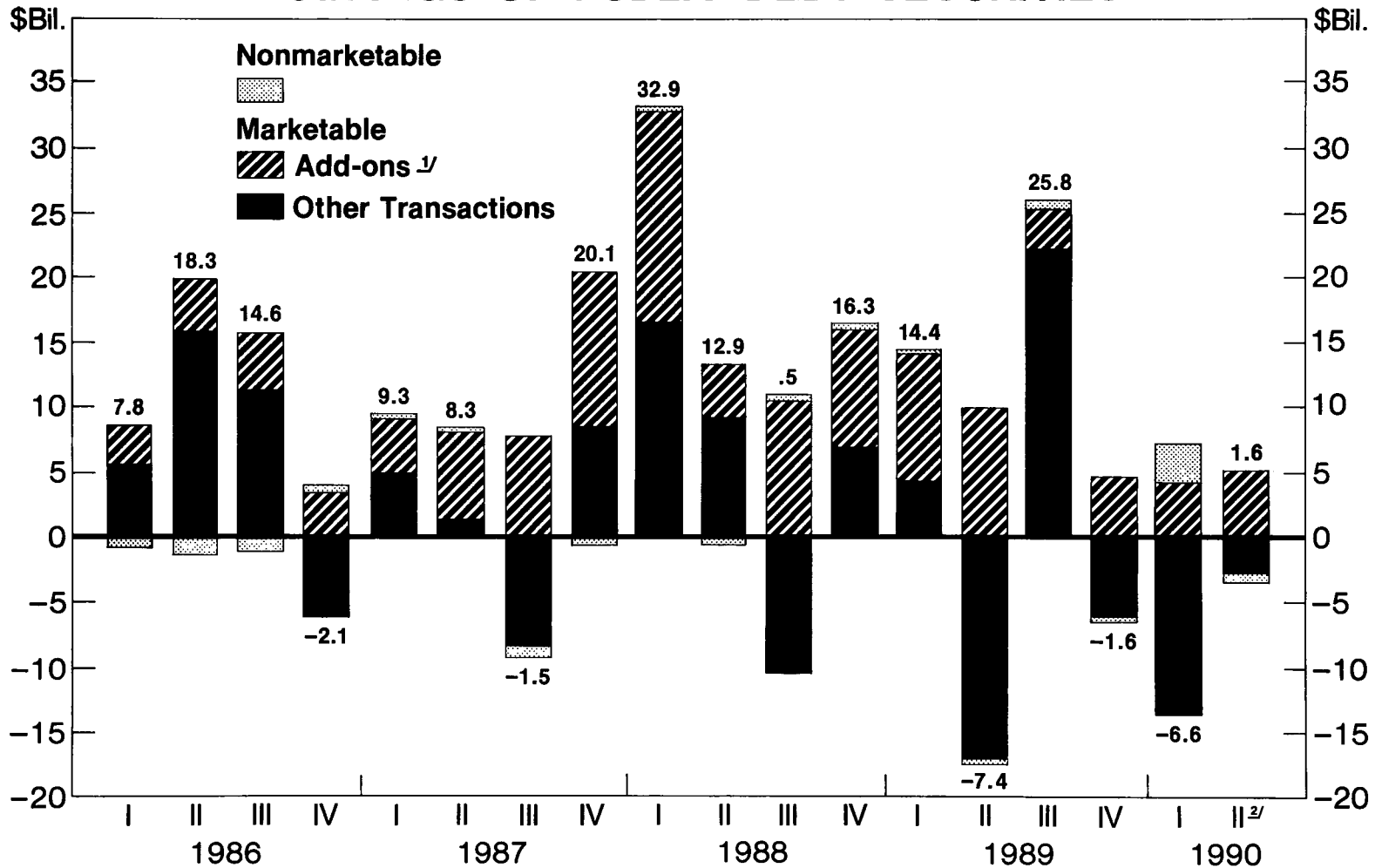
QUARTERLY CHANGES IN FOREIGN AND INTERNATIONAL HOLDINGS OF PUBLIC DEBT SECURITIES



^{1/}F.R.B. purchases of marketable issues as agents for foreign and international monetary authorities which are added to the announced amount of the issue.

^{2/}Preliminary.

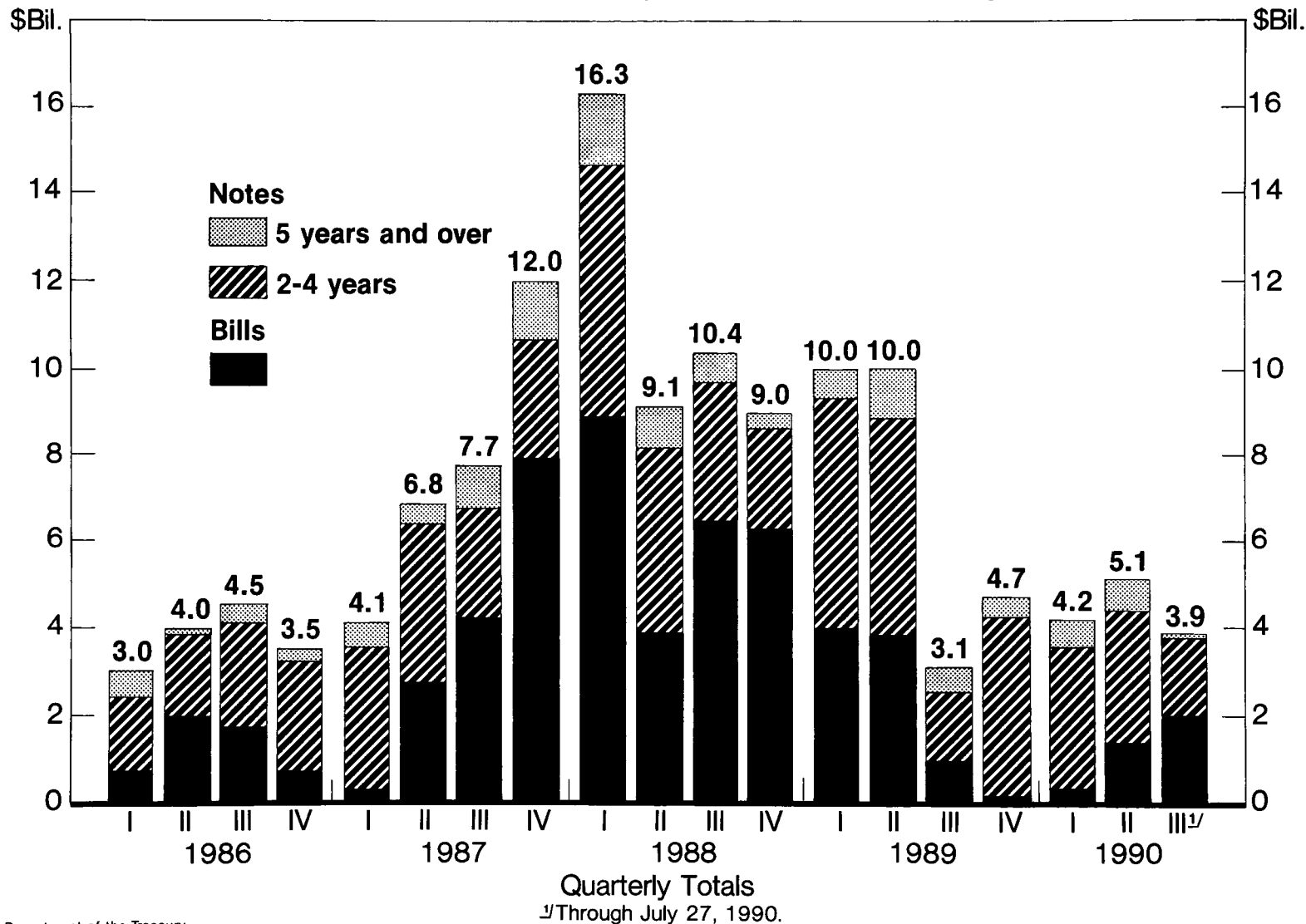
QUARTERLY CHANGES IN FOREIGN AND INTERNATIONAL HOLDINGS OF PUBLIC DEBT SECURITIES



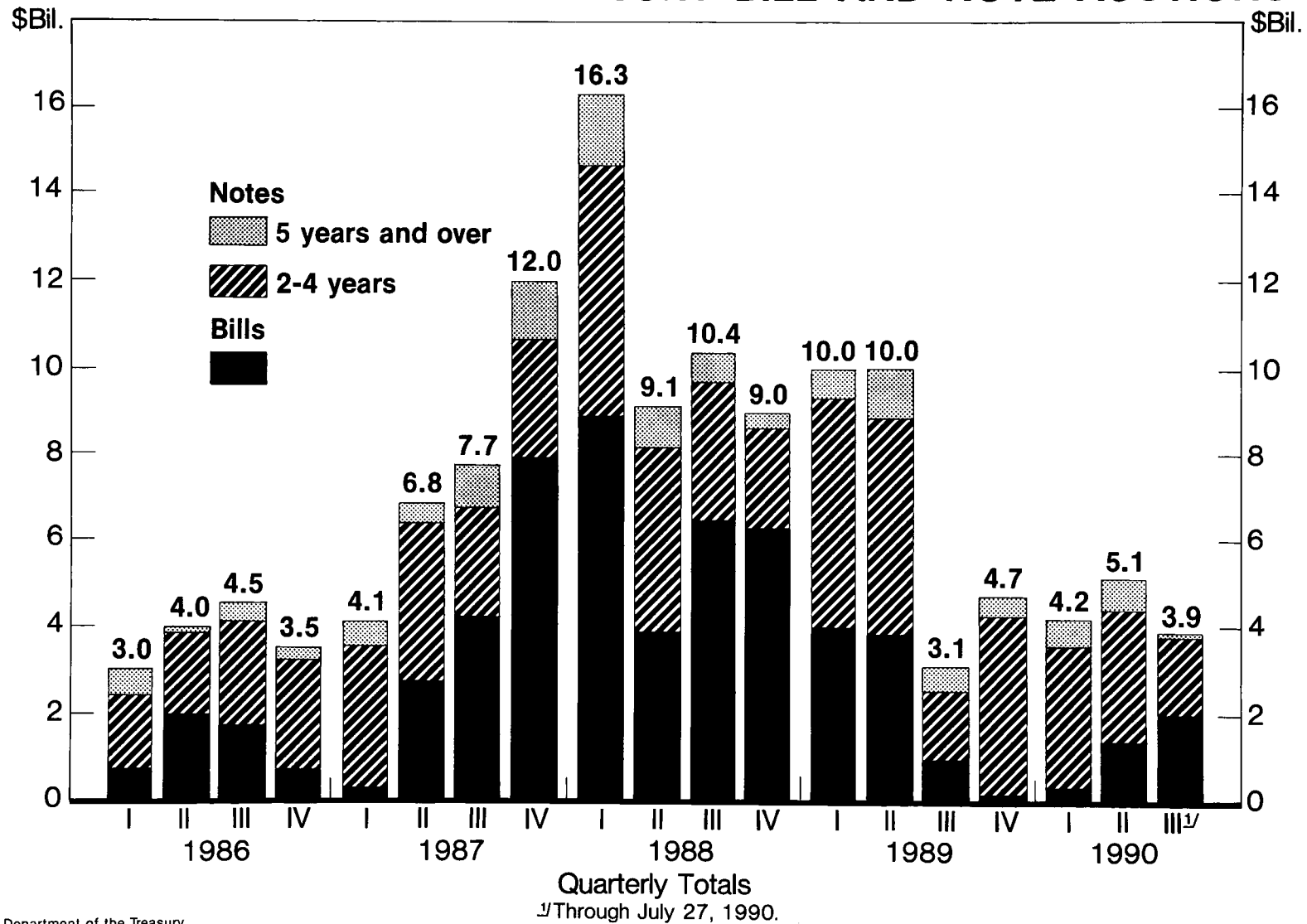
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FOREIGN ADD-ONS IN TREASURY BILL AND NOTE AUCTIONS

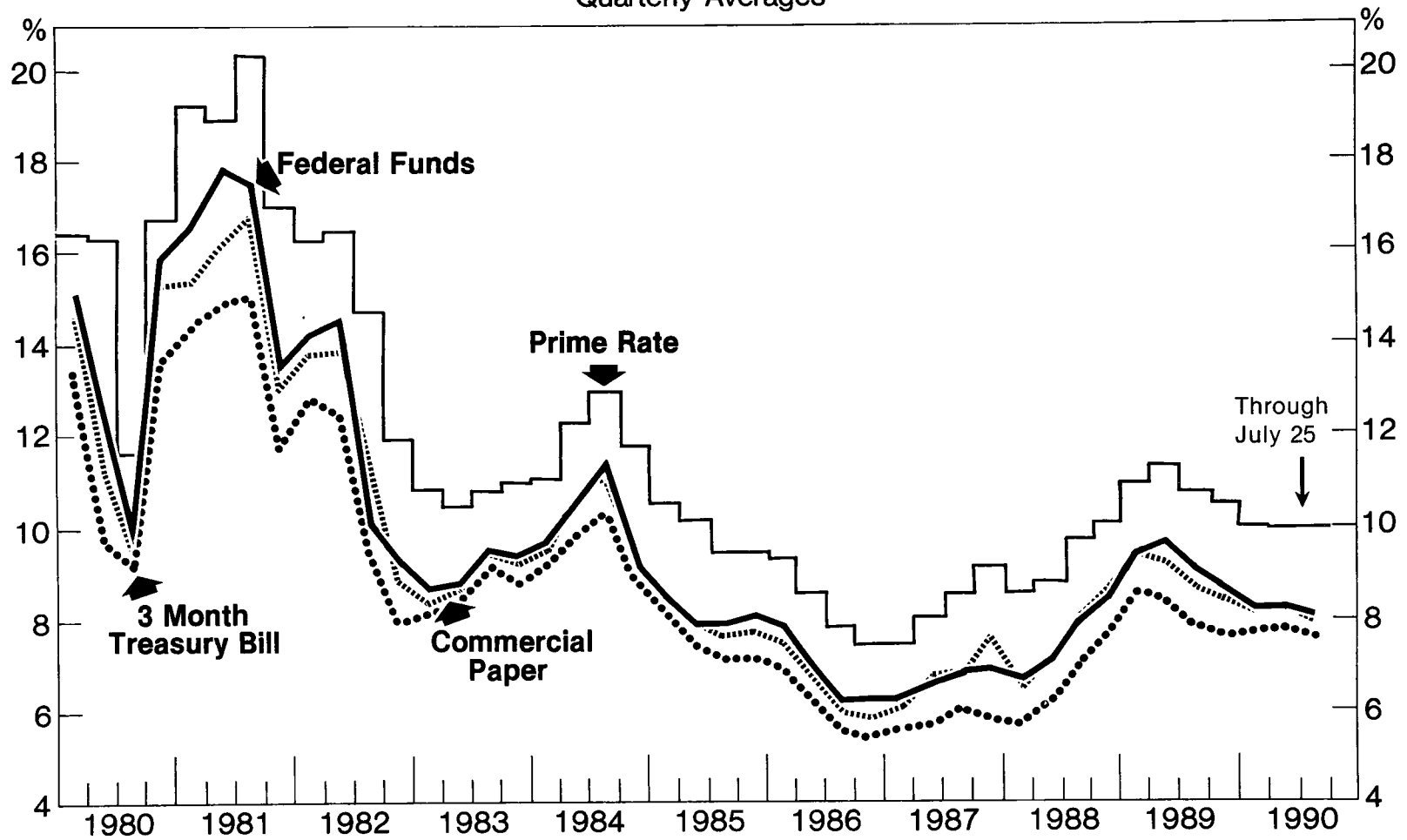


FOREIGN ADD-ONS IN TREASURY BILL AND NOTE AUCTIONS



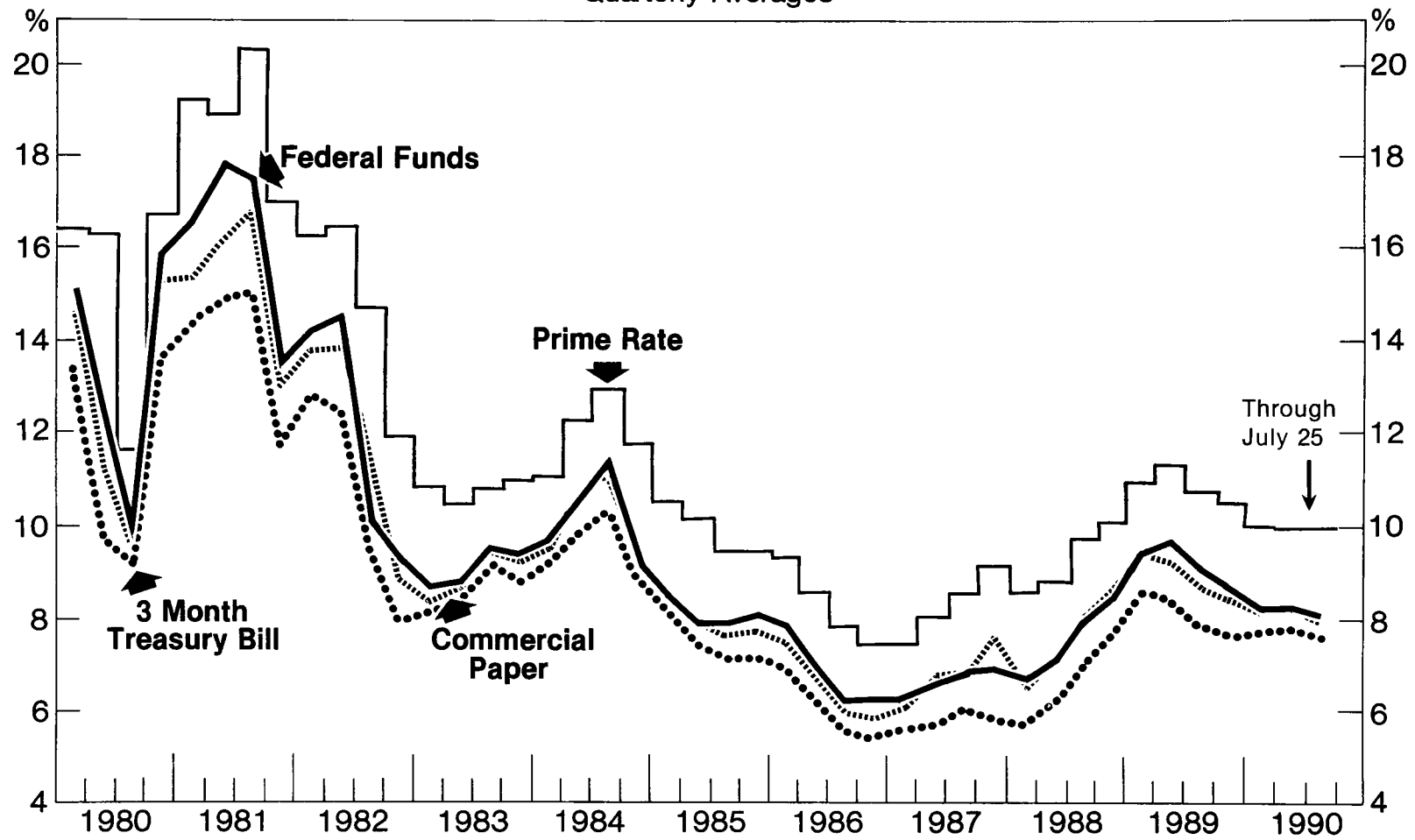
SHORT TERM INTEREST RATES

Quarterly Averages



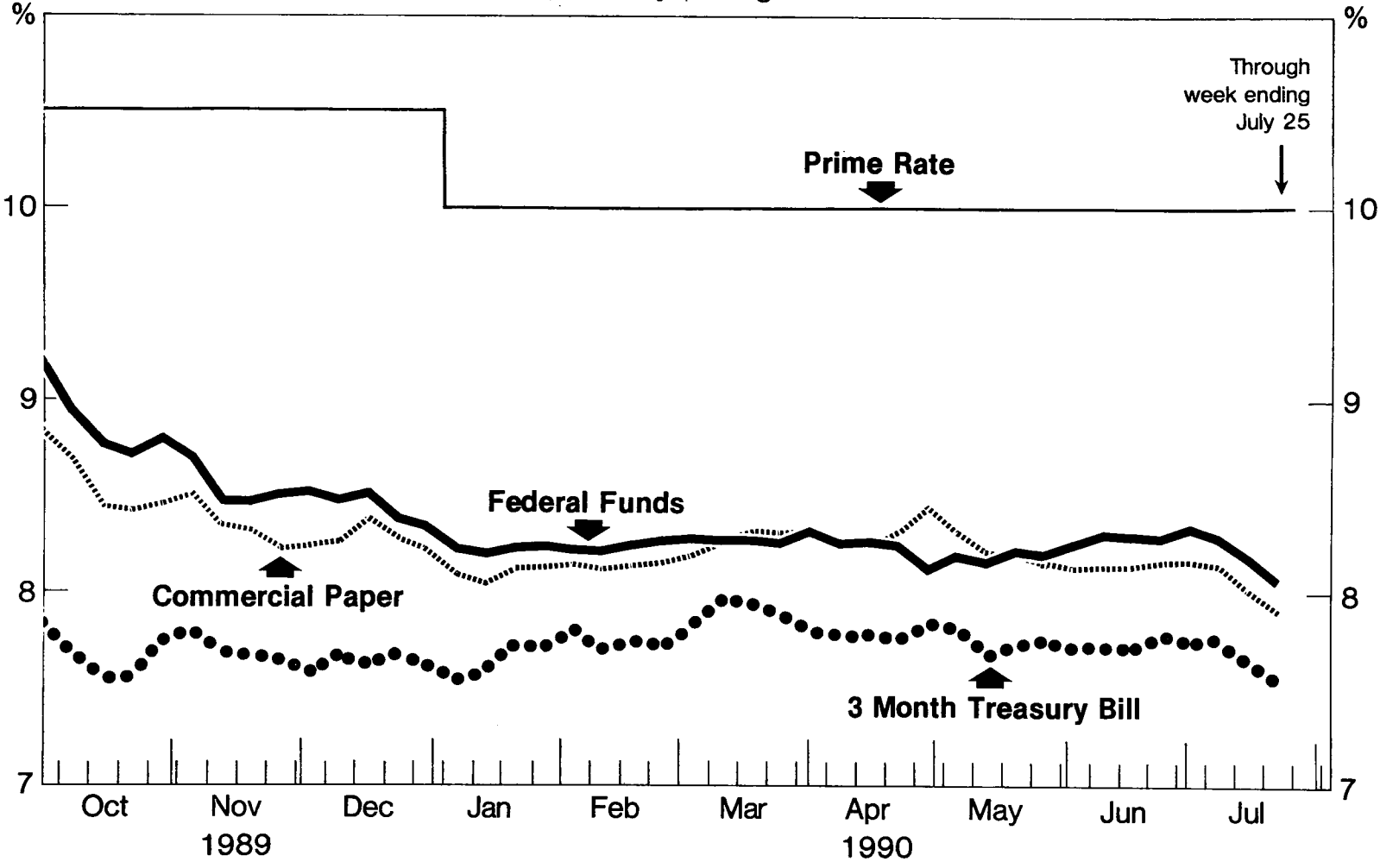
SHORT TERM INTEREST RATES

Quarterly Averages



SHORT TERM INTEREST RATES

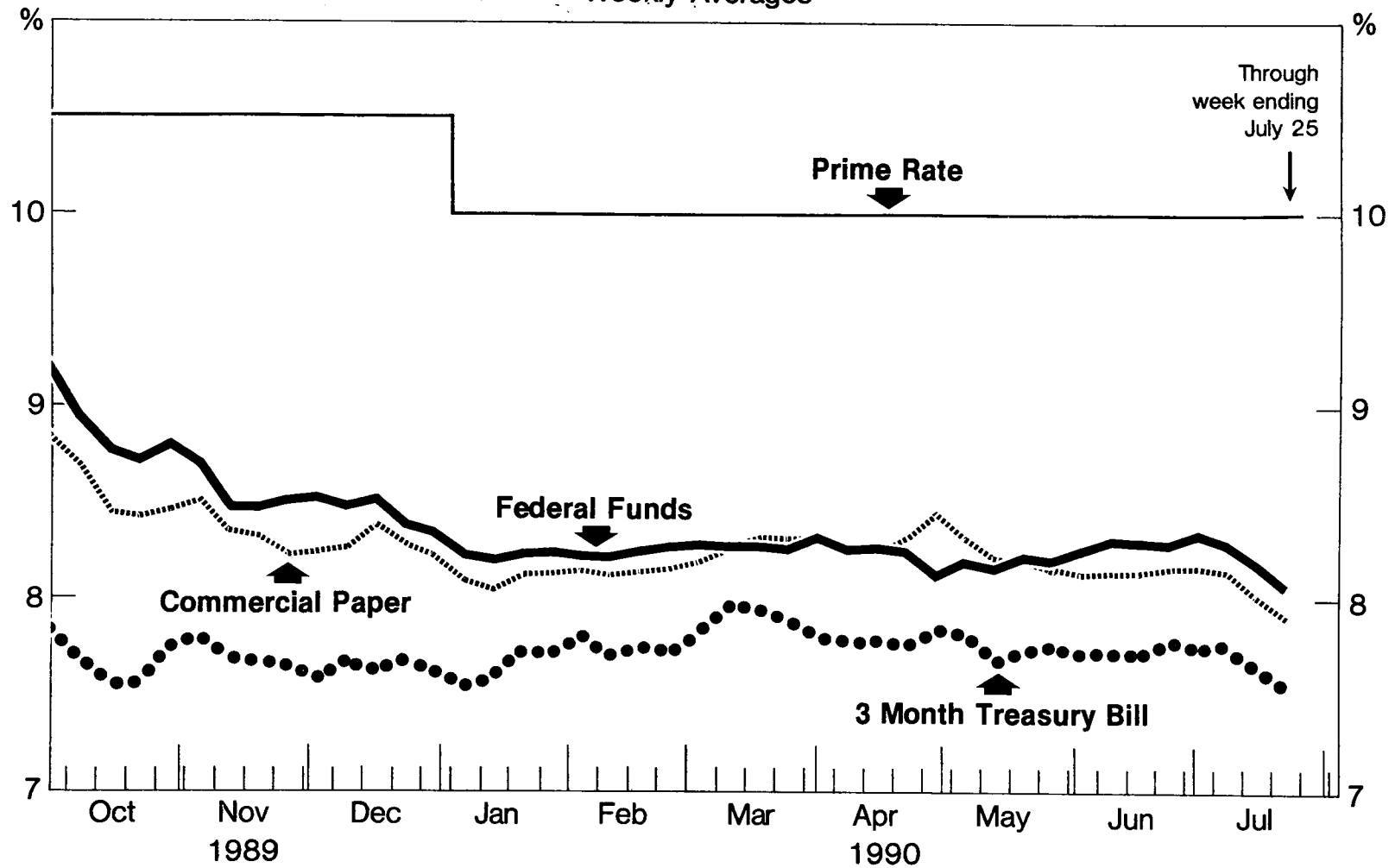
Weekly Averages



Through week ending July 25

SHORT TERM INTEREST RATES

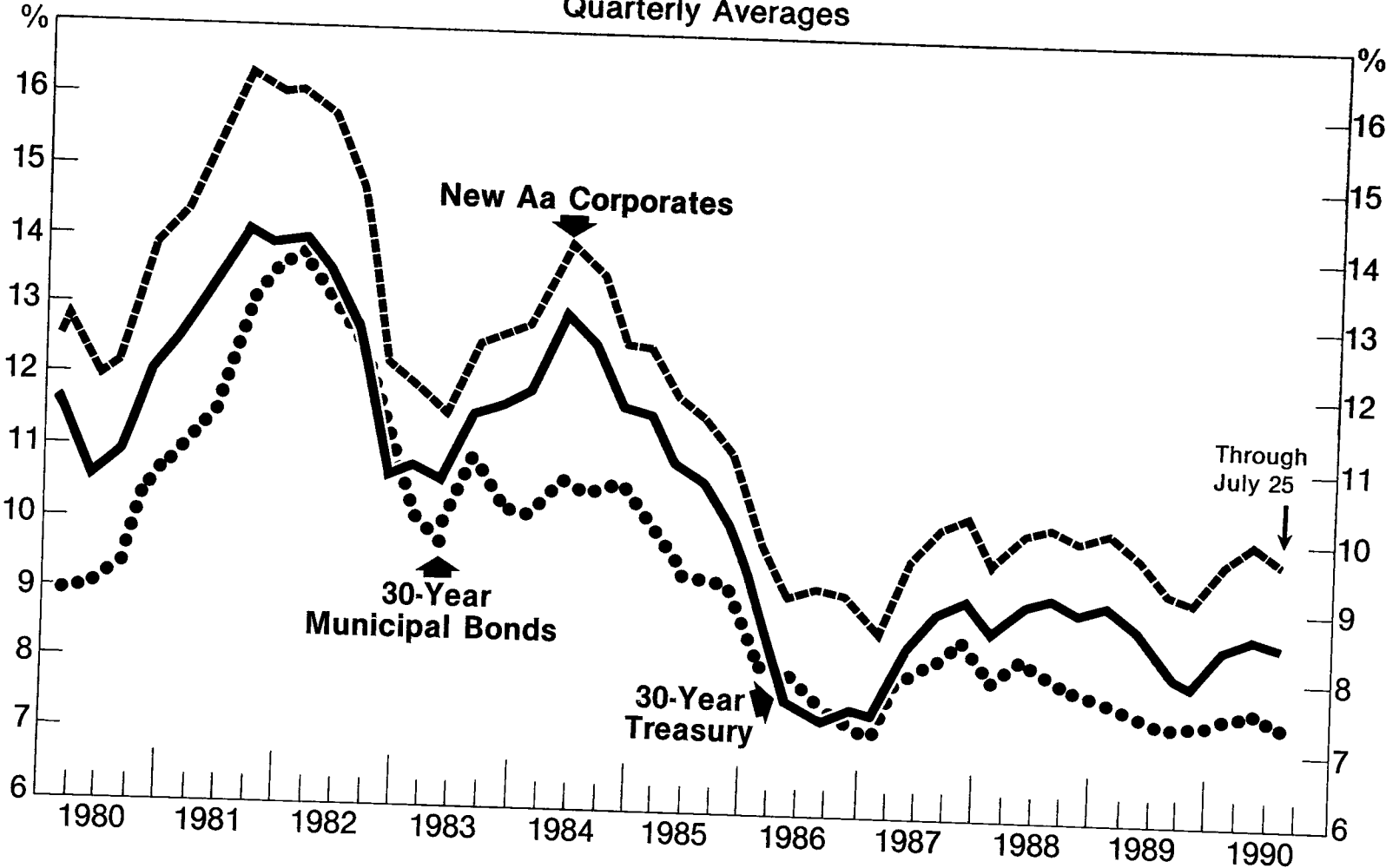
Weekly Averages



Handwritten text, possibly bleed-through from the reverse side of the page. The text is vertically oriented and appears to be a list or series of entries, though the characters are difficult to decipher due to the image quality and orientation.

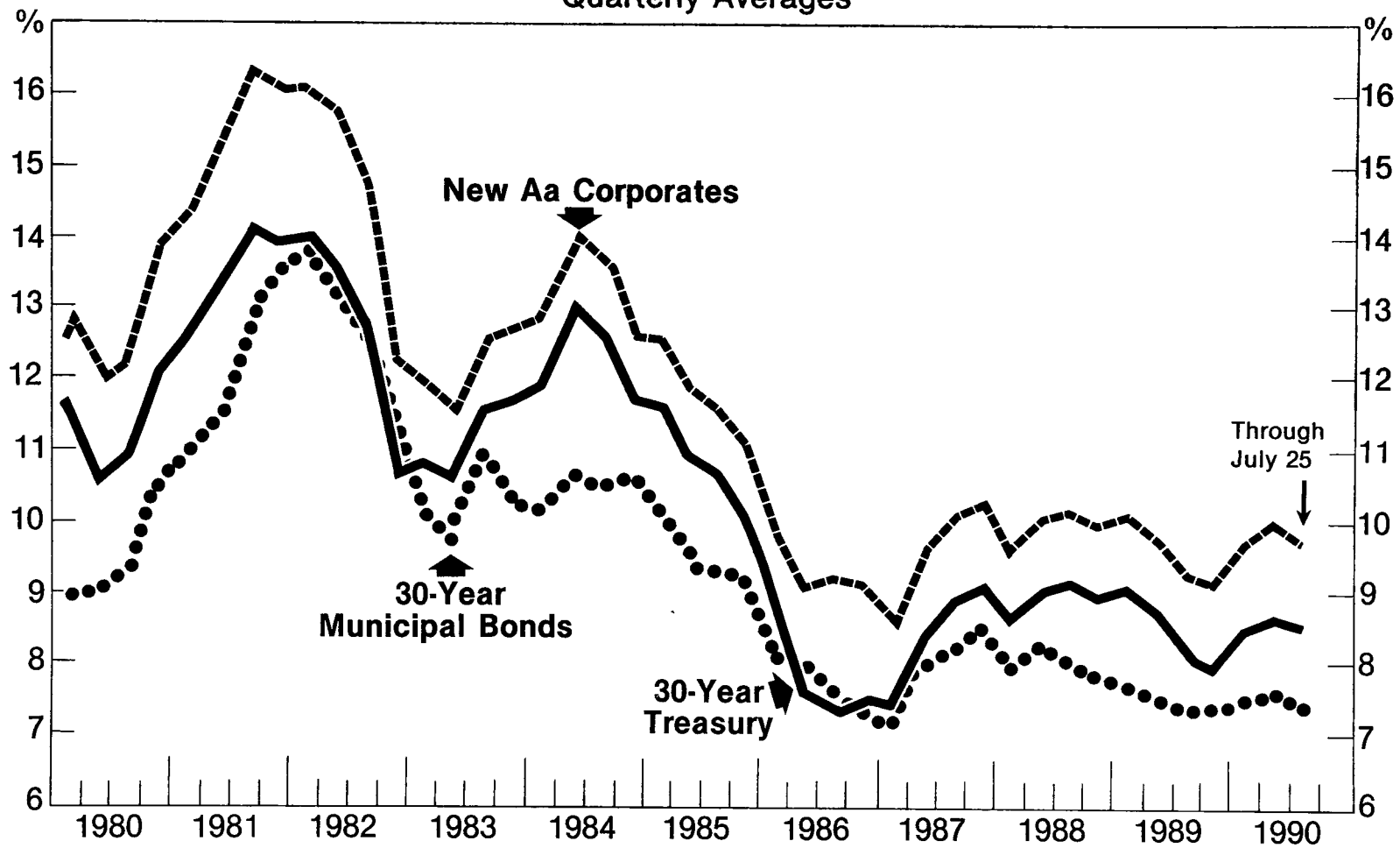
LONG TERM MARKET RATES

Quarterly Averages



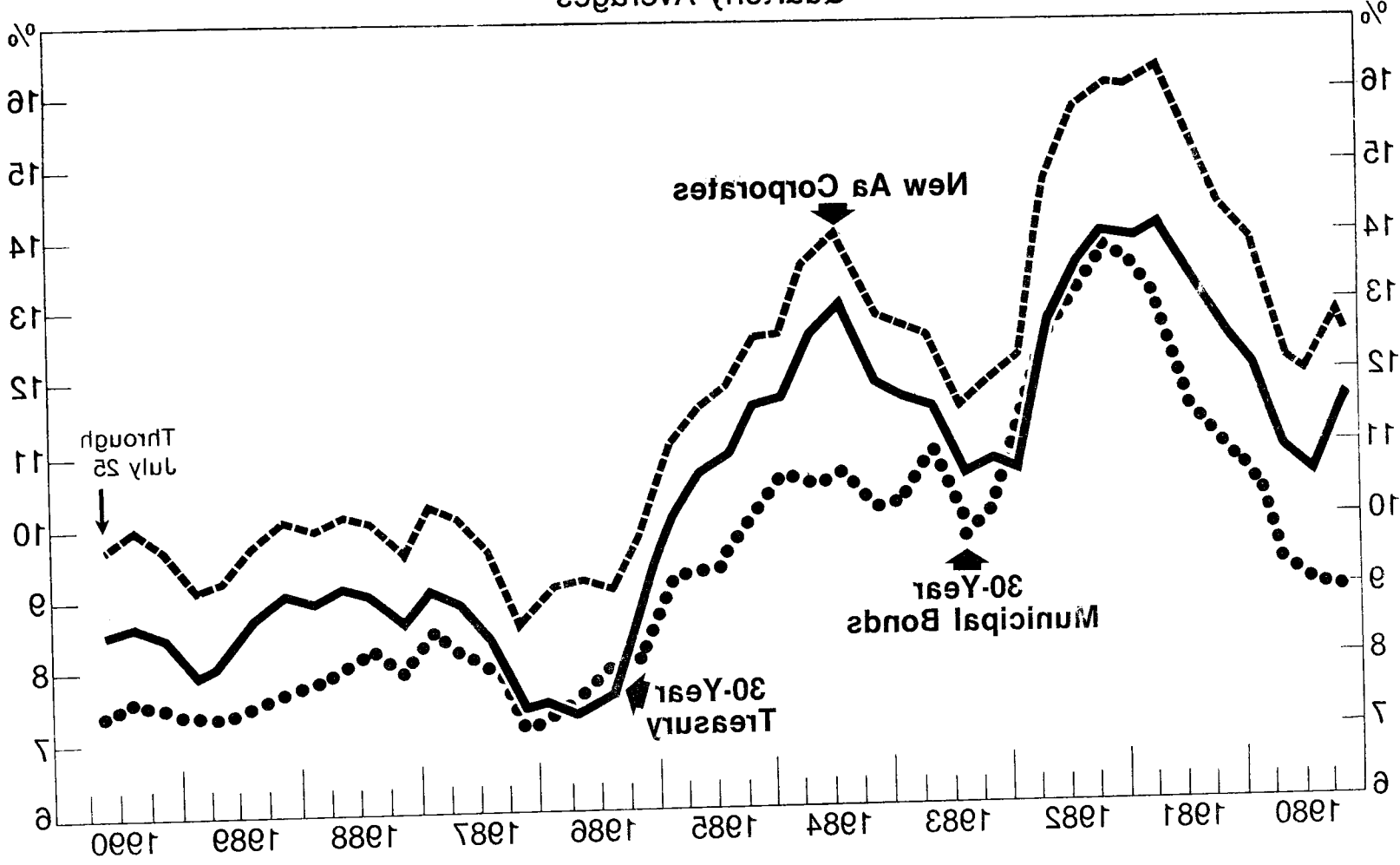
LONG TERM MARKET RATES

Quarterly Averages



LONG TERM MARKET RATES

Quarterly Averages

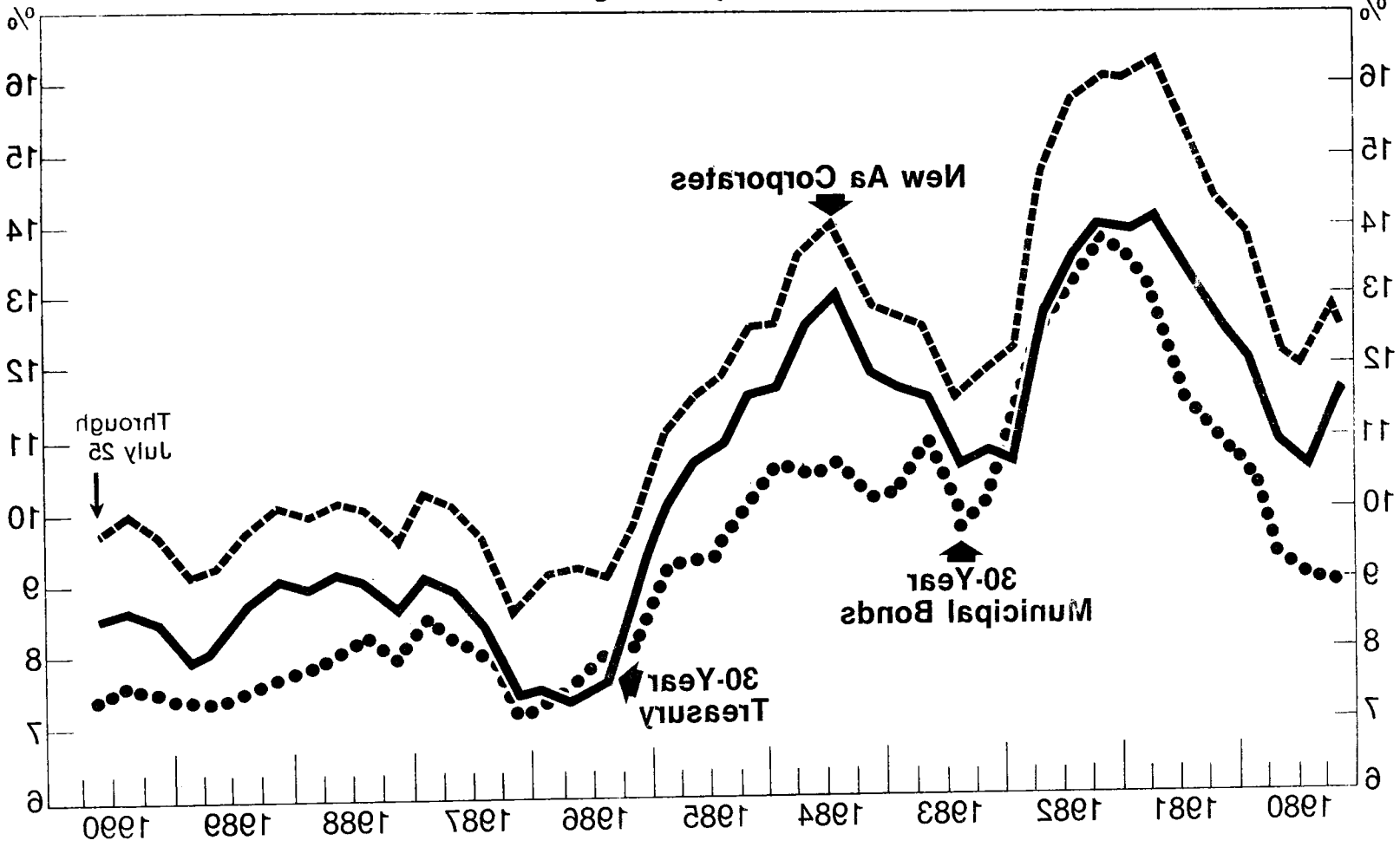


Department of the Treasury
Office of Market Finance

July 31, 1990

LONG TERM MARKET RATES

Quarterly Averages

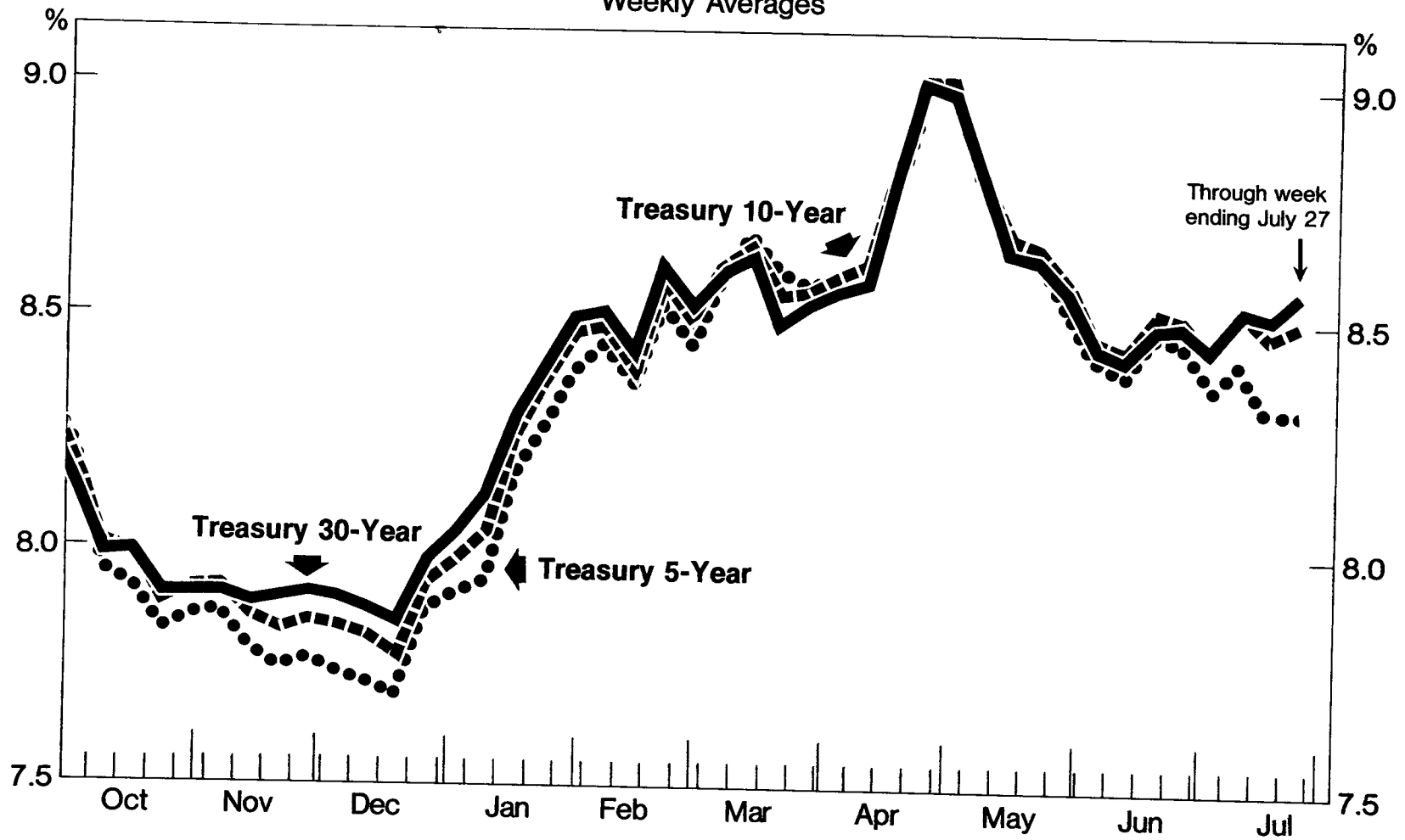


Department of the Treasury
Office of Market Finance

July 31, 1989

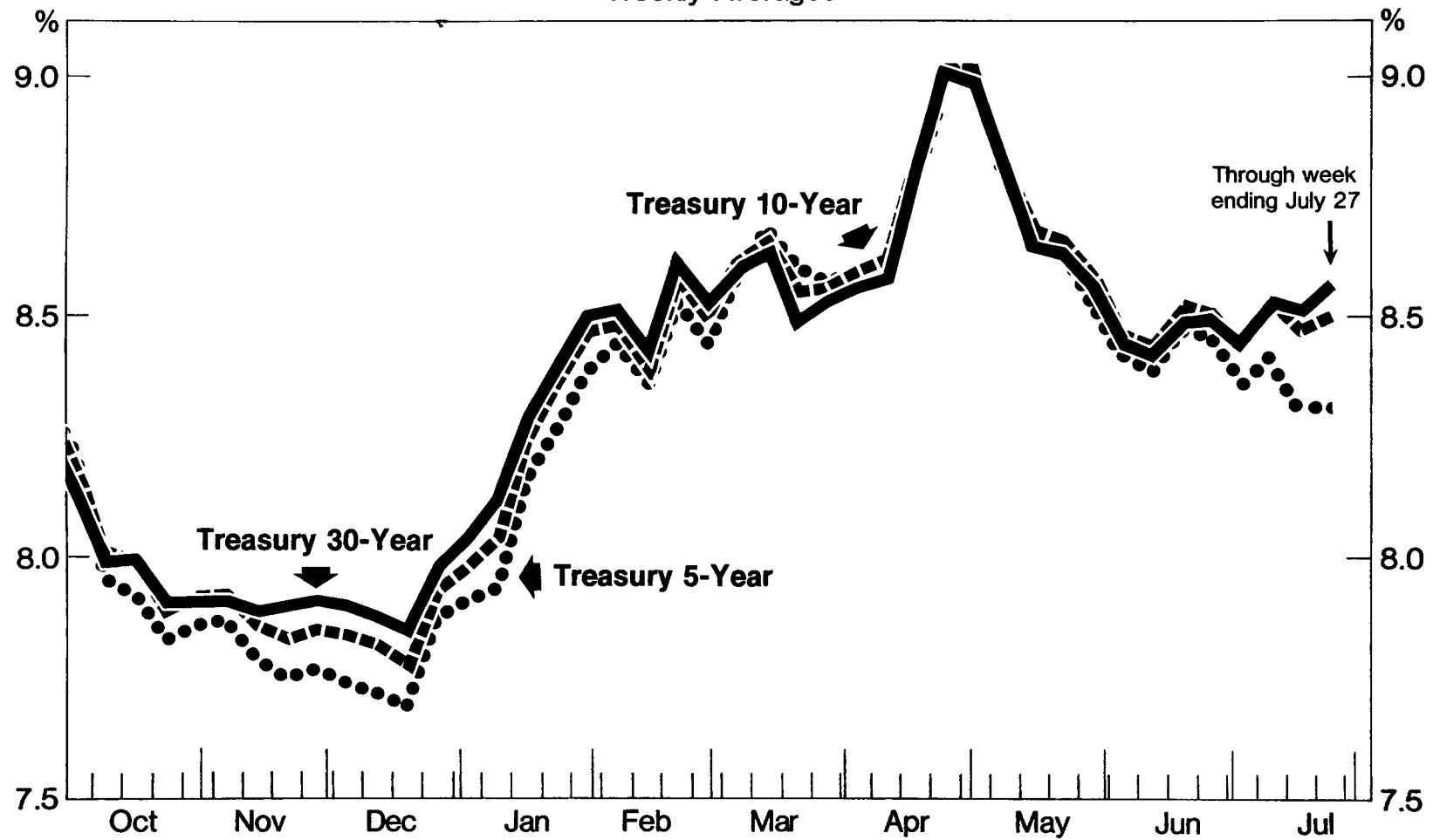
INTERMEDIATE AND LONG TERM TREASURY RATES

Weekly Averages

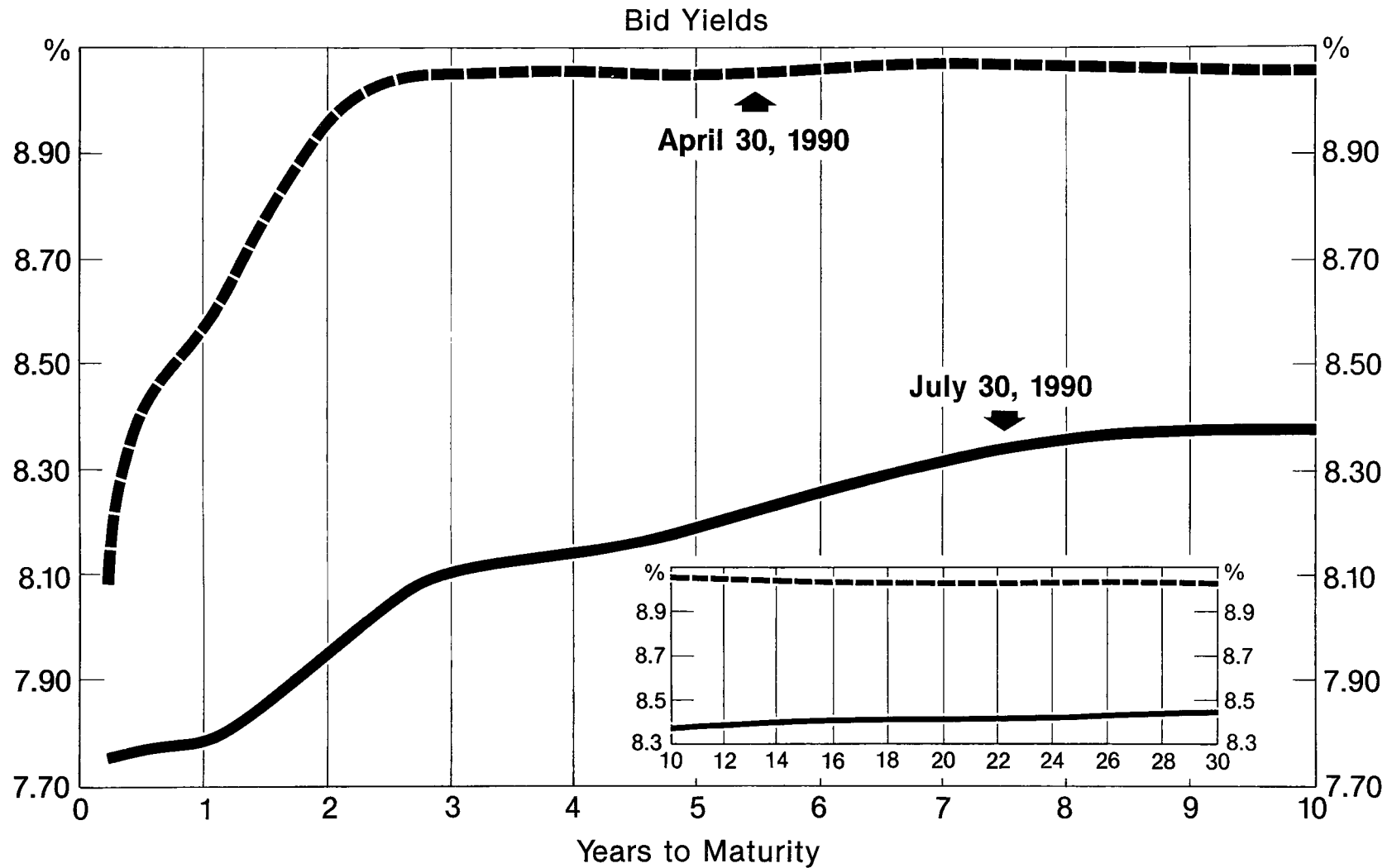


INTERMEDIATE AND LONG TERM TREASURY RATES

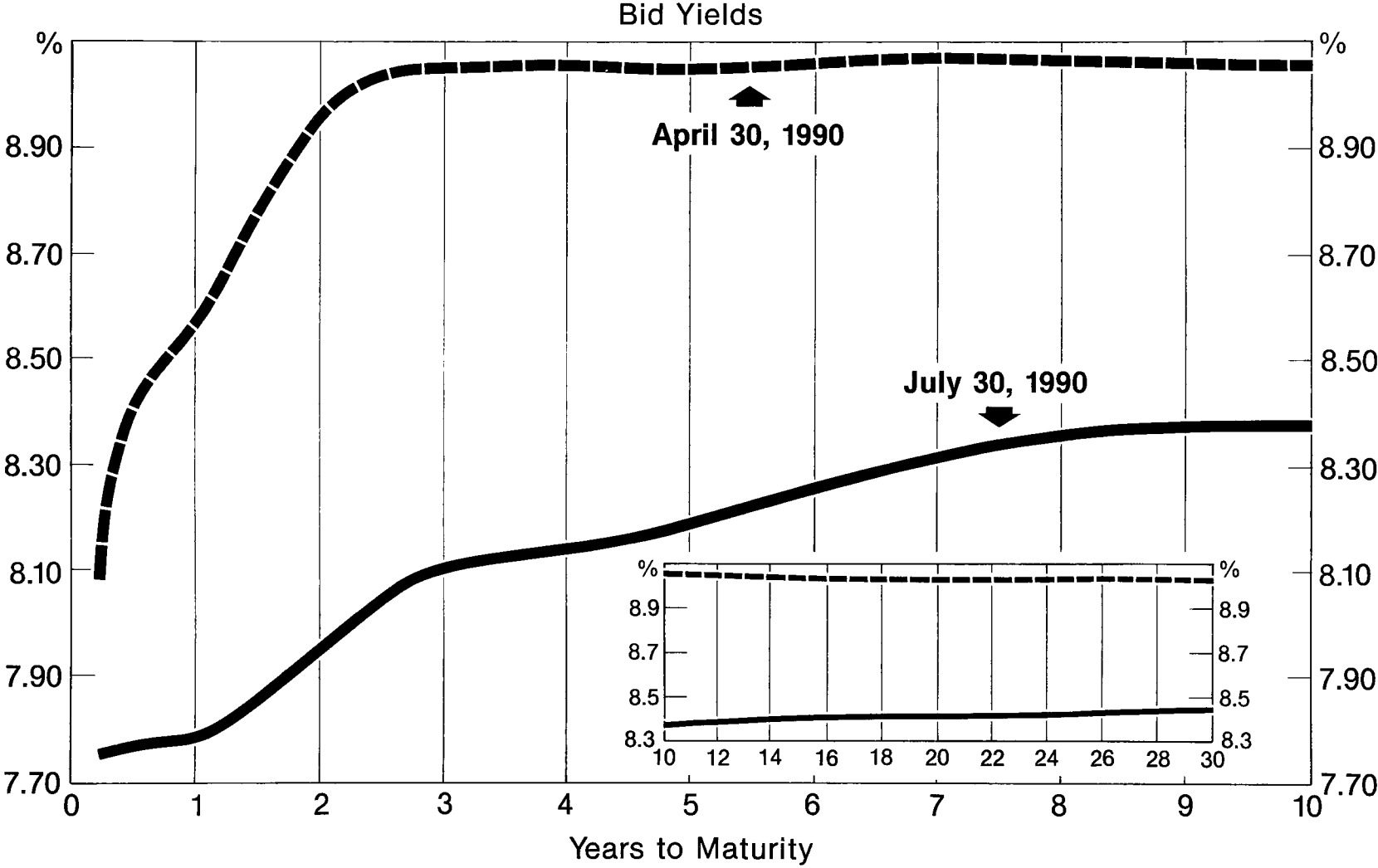
Weekly Averages



MARKET YIELDS ON GOVERNMENTS

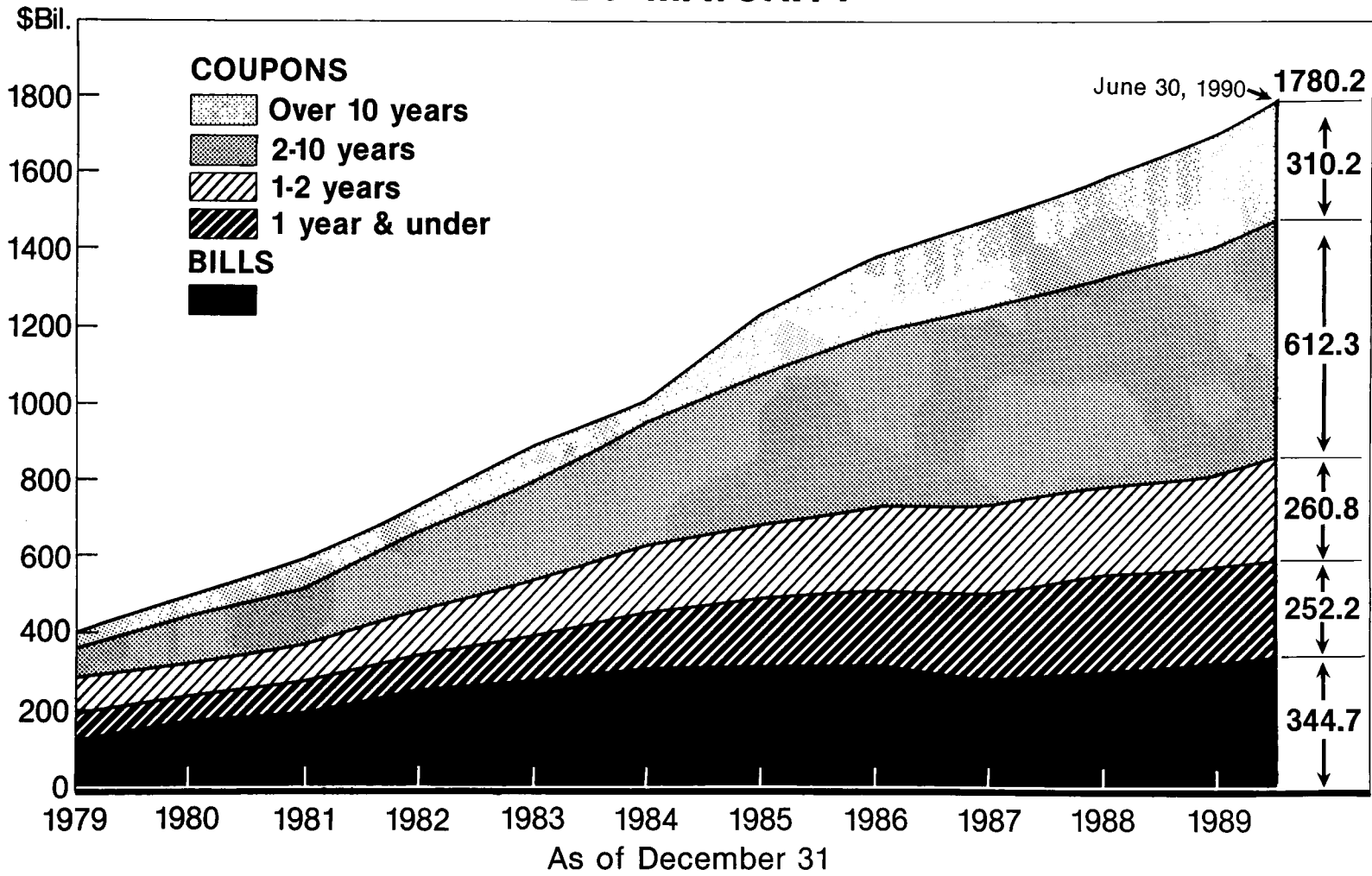


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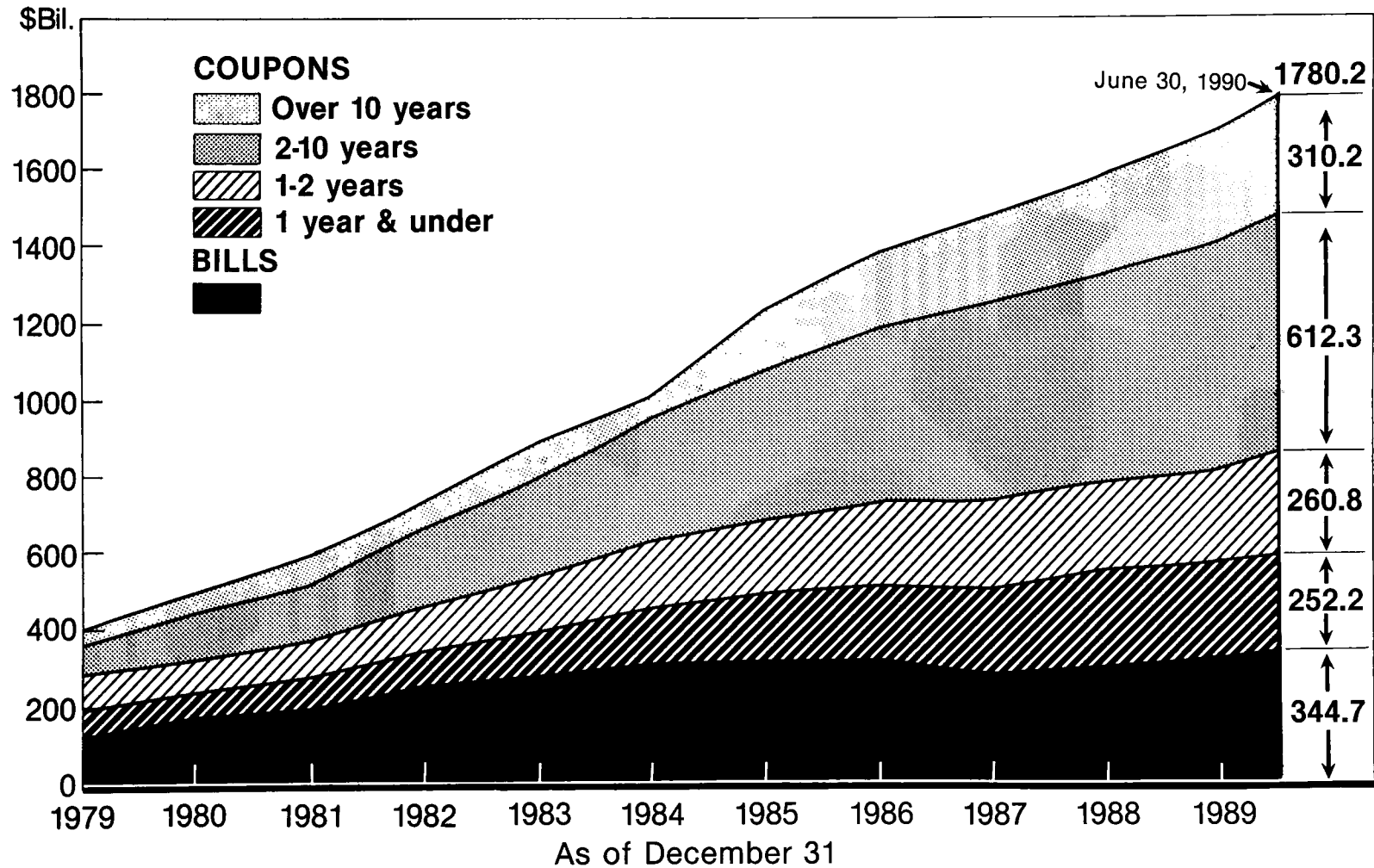




PRIVATE HOLDINGS OF TREASURY MARKETABLE DEBT BY MATURITY

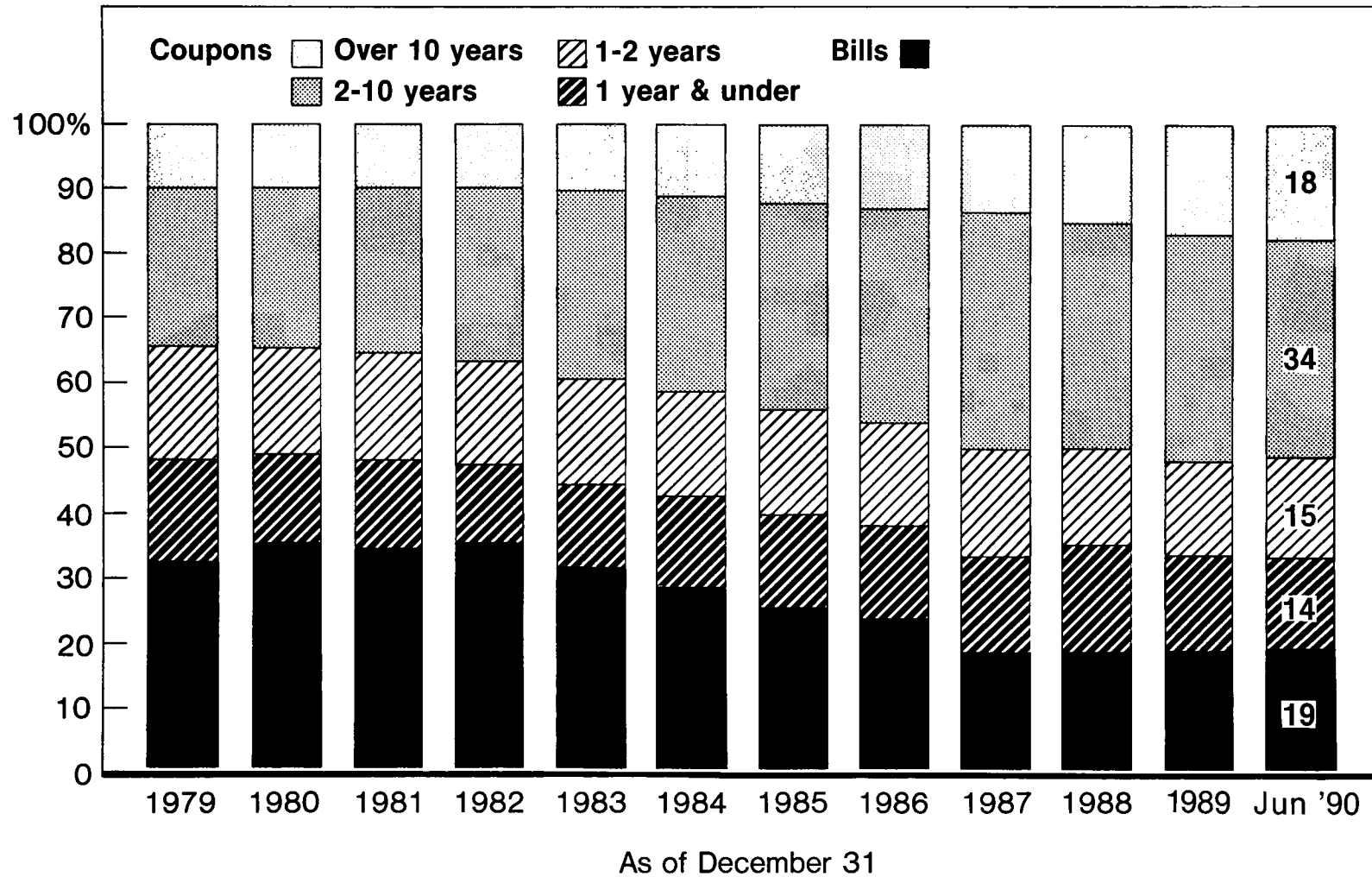


PRIVATE HOLDINGS OF TREASURY MARKETABLE DEBT BY MATURITY



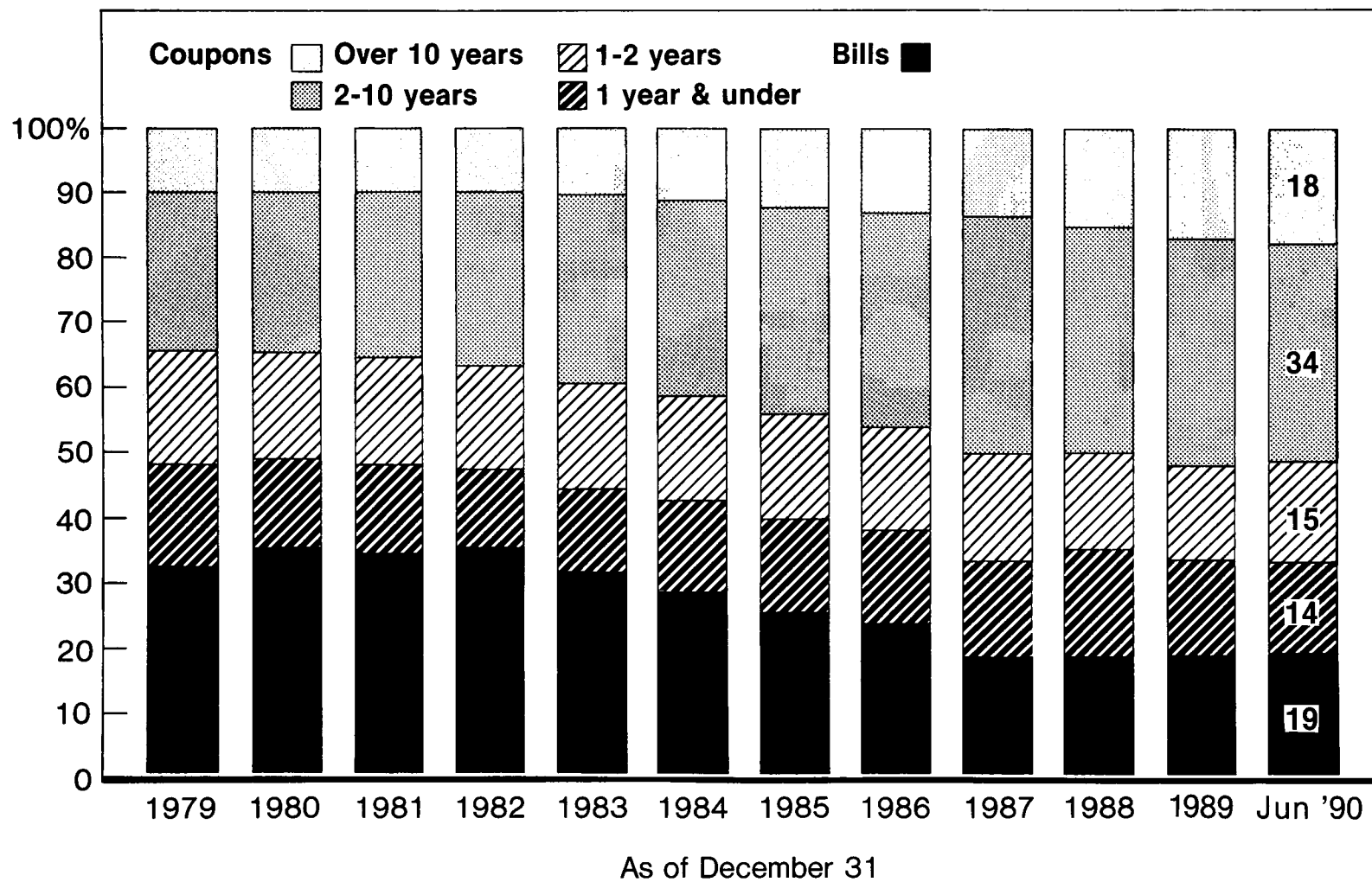
PRIVATE HOLDINGS OF TREASURY MARKETABLE DEBT

Percent Distribution by Maturity



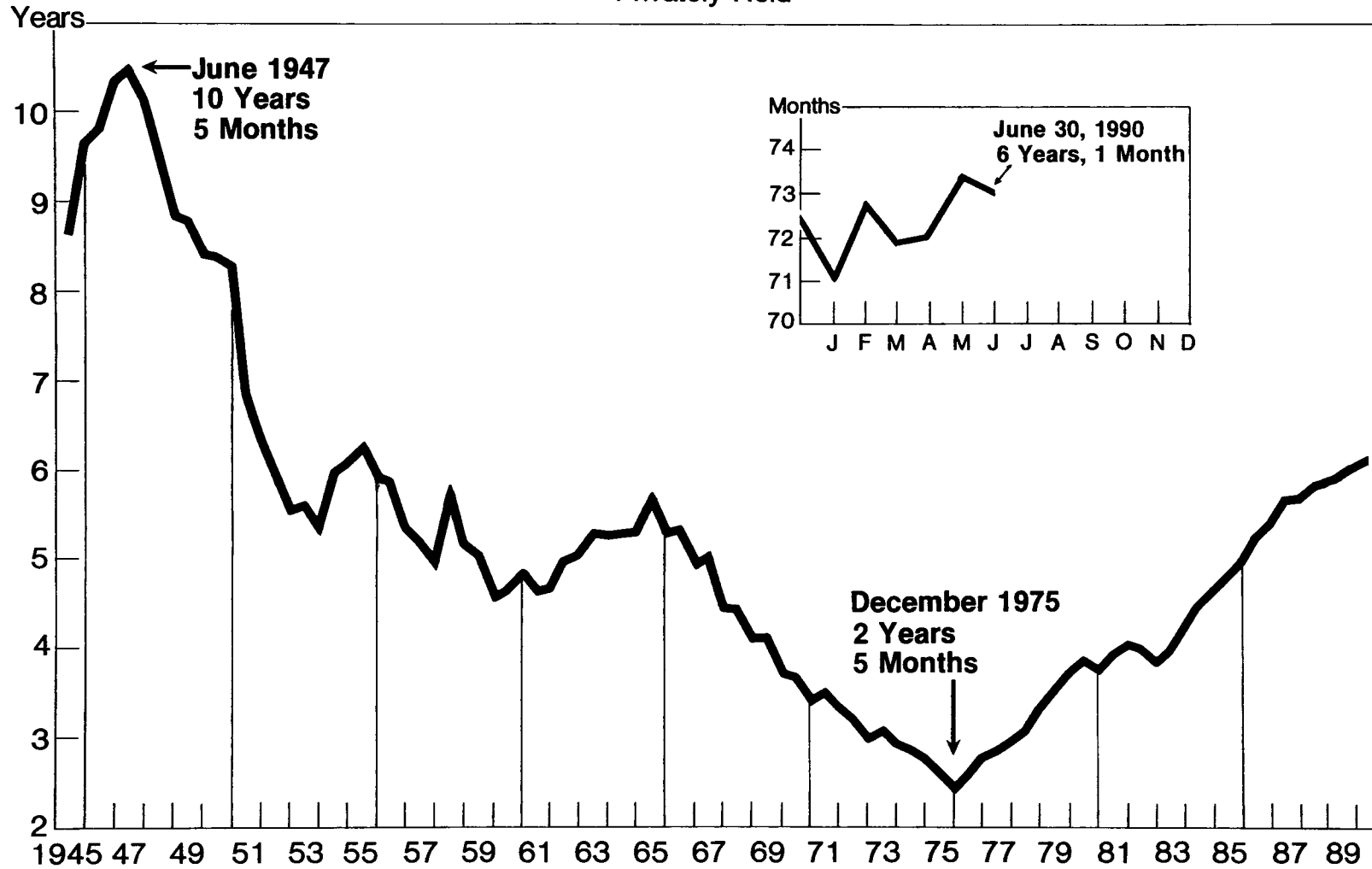
PRIVATE HOLDINGS OF TREASURY MARKETABLE DEBT

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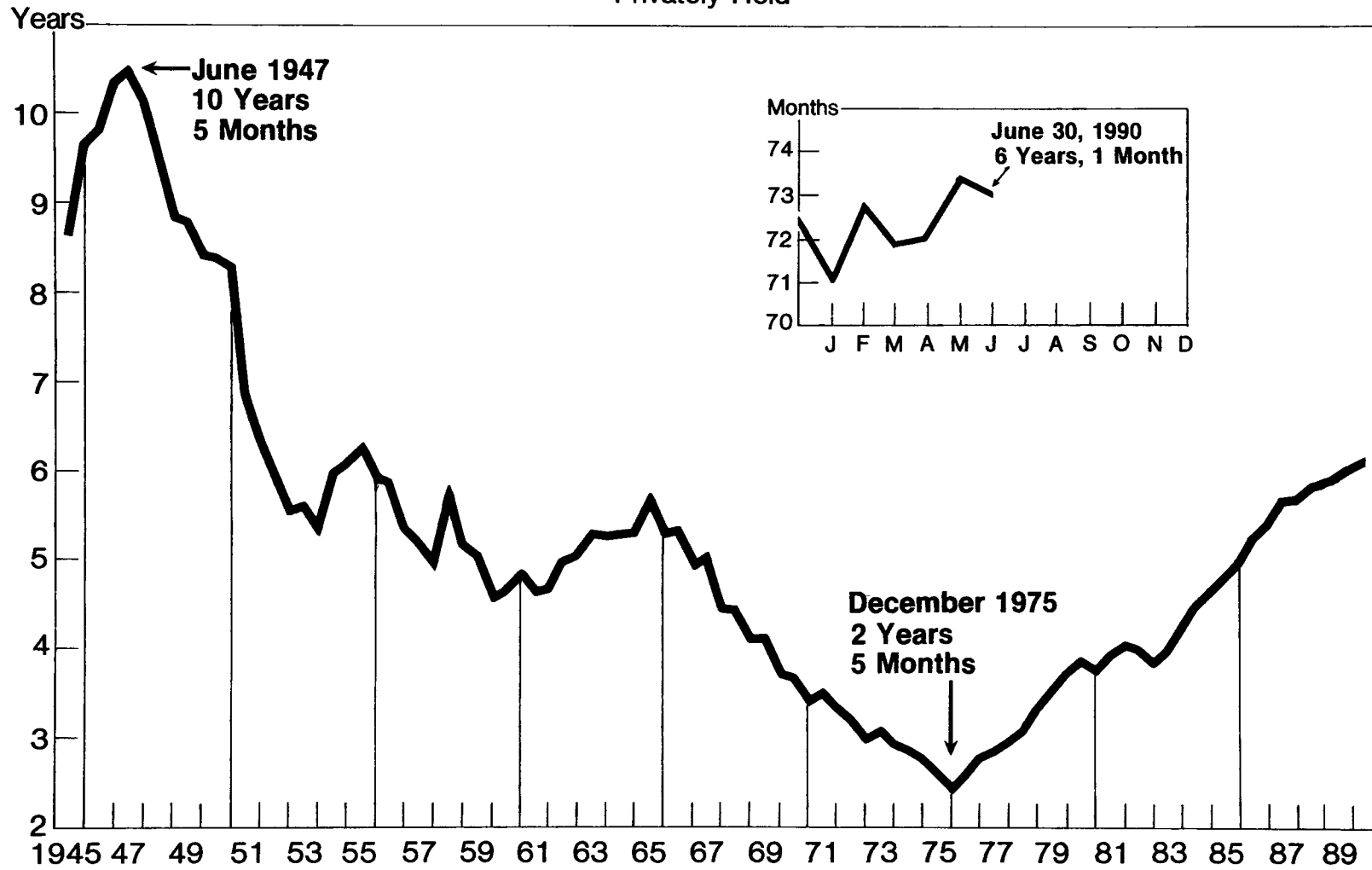
AVERAGE LENGTH OF THE MARKETABLE DEBT

Privately Held



AVERAGE LENGTH OF THE MARKETABLE DEBT

Privately Held



MATURING COUPON ISSUES

August—December 1990

(In millions of dollars)

Maturing Coupons	June 30, 1990			
	Total	Held by		
		Federal Reserve & Government Accounts	Private Investors	Foreign Investors ^{1/}
10 3/4% Note 8/15/90 - A	3,762	1,324	2,438	266
9 7/8% Note 8/15/90 - K	7,597	610	6,987	1,127
9 7/8% Note 8/15/90 - L ^{2/}	599	—	599	—
7 7/8% Note 8/15/90 - U	11,128	1,134	9,994	2,044
8 5/8% Note 8/31/90 - AE	10,596	1,132	9,464	714
6 3/4% Note 9/30/90 - Q	8,194	293	7,901	918
8 1/2% Note 9/30/90 - AF	10,770	1,539	9,231	878
11 1/2% Note 10/15/90 - F	5,044	213	4,831	536
8 1/4% Note 10/31/90 - AG	10,710	640	10,070	995
13% Note 11/15/90 - B	5,701	786	4,915	526
9 5/8% Note 11/15/90 - M	7,843	249	7,594	1,474
8% Note 11/15/90 - V	13,407	2,385	11,022	1,847
8 7/8% Note 11/30/90 - AH	10,605	495	10,110	725
6 5/8% Note 12/31/90 - R	8,393	168	8,225	781
9 1/8% Note 12/31/90 - AJ	11,007	1,100	9,907	1,288
Totals	125,356	12,068	113,288	14,119

^{1/} F.R.B. custody accounts for foreign official institutions; included in Private Investors.

^{2/} Foreign-Targeted note.

MATURING COUPON ISSUES

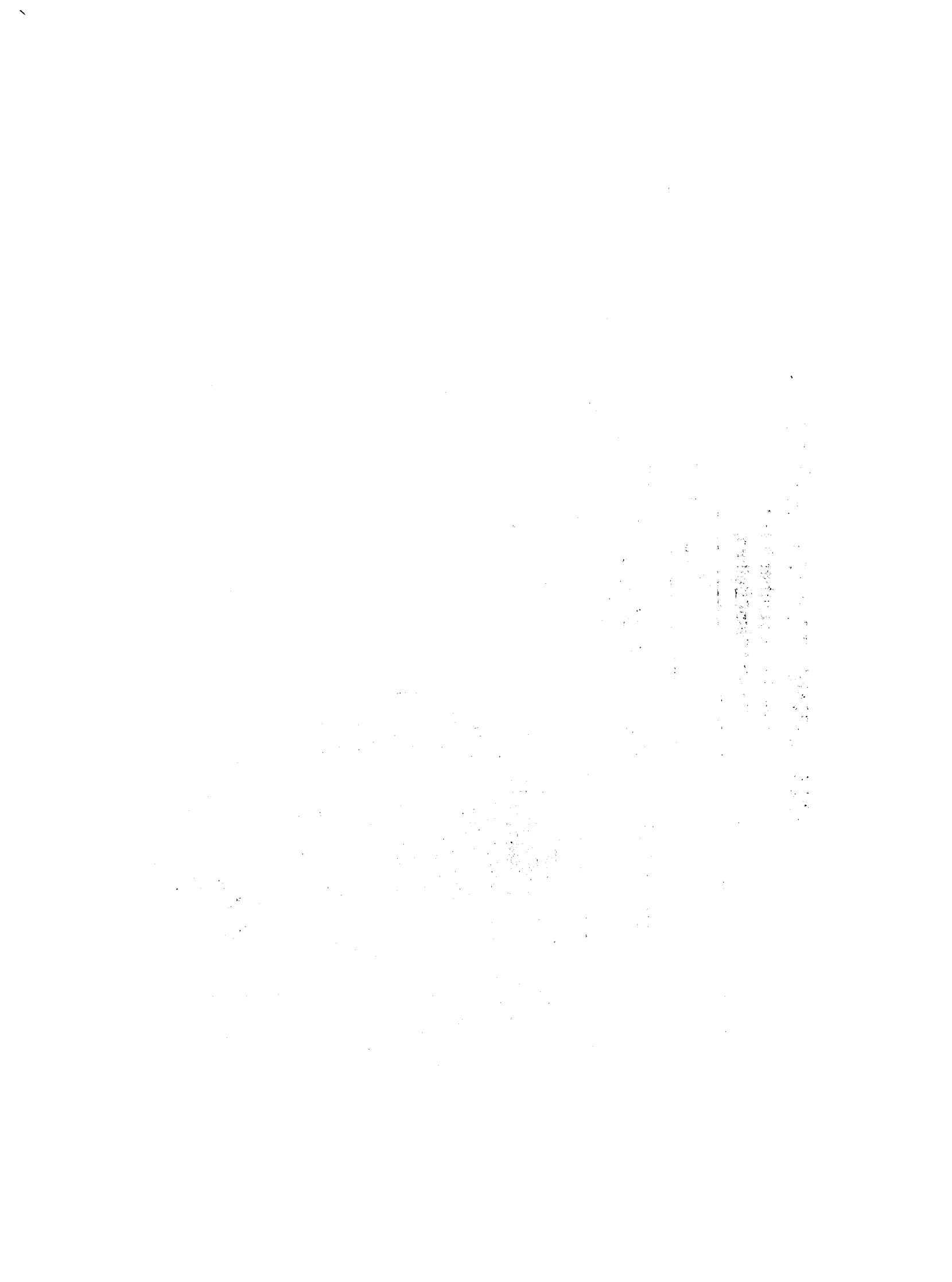
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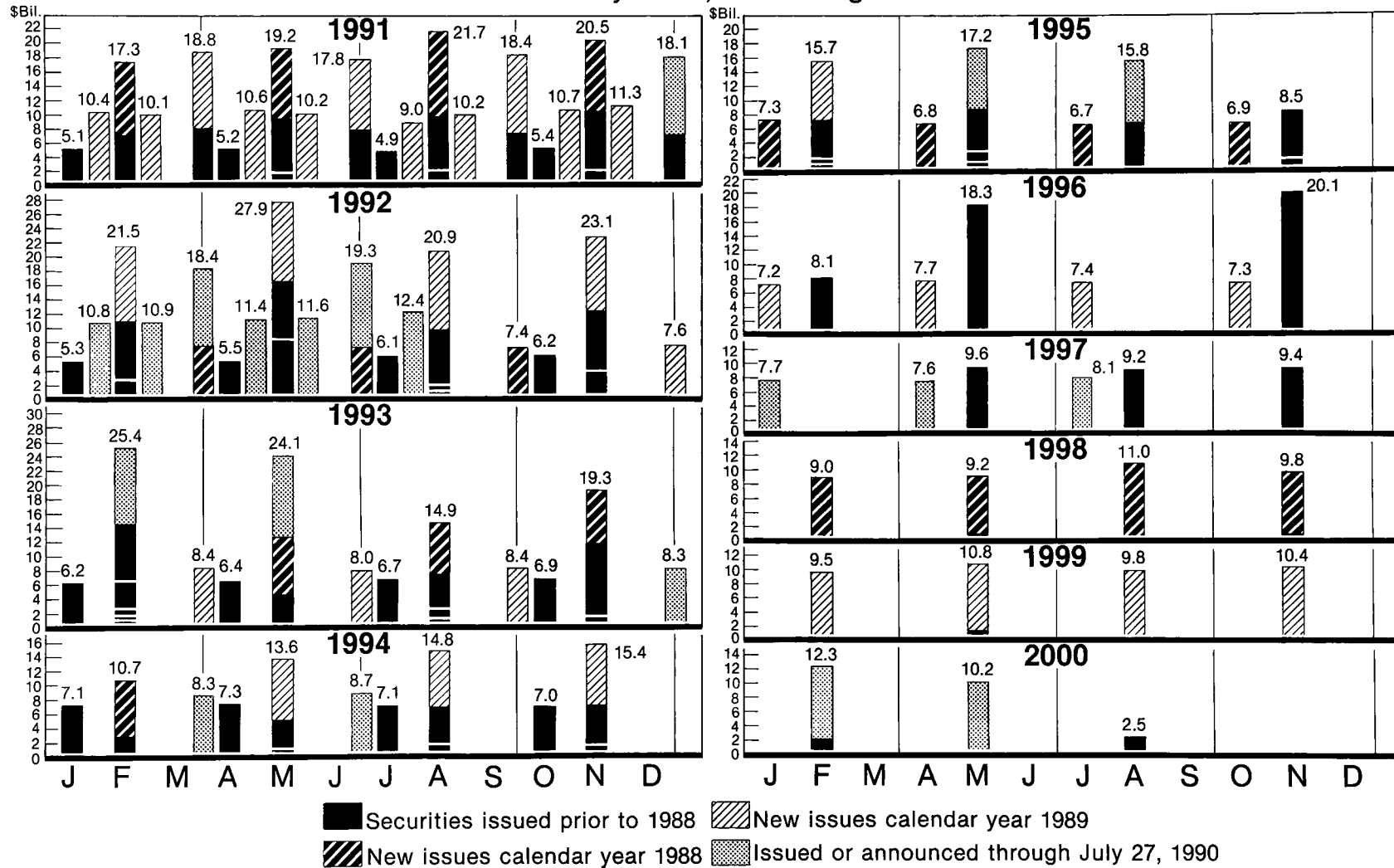
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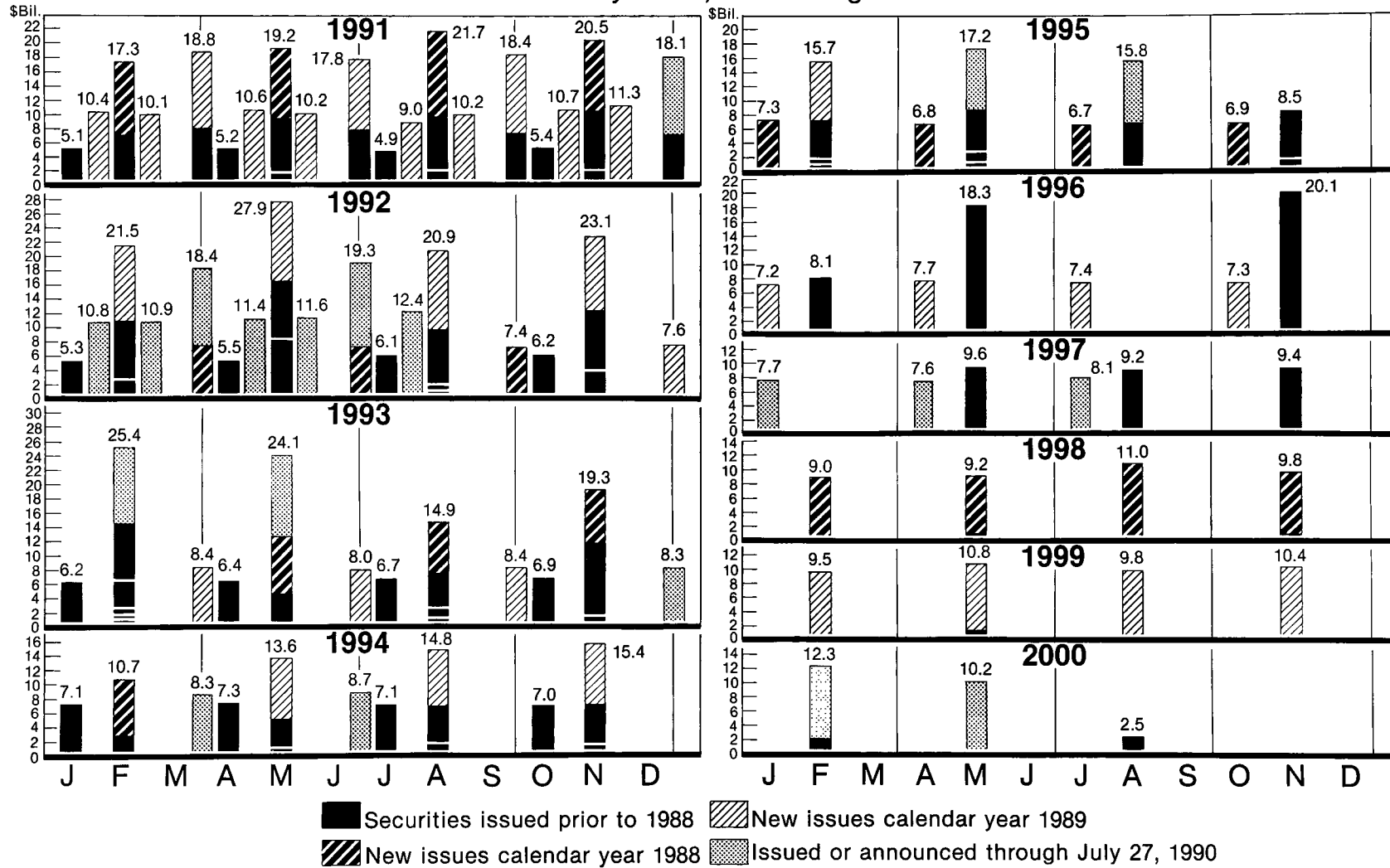
TREASURY MARKETABLE MATURITIES

Privately Held, Excluding Bills



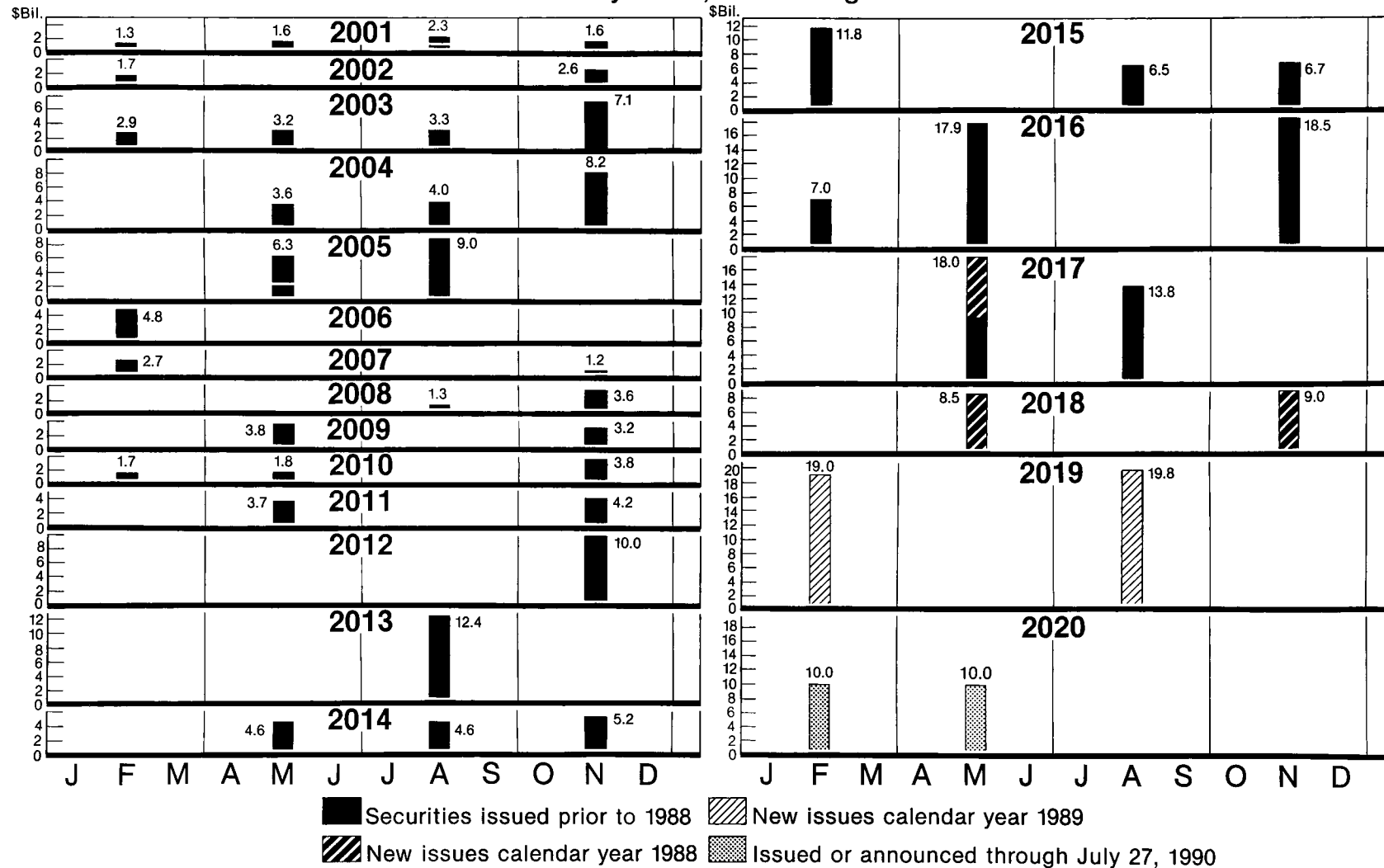
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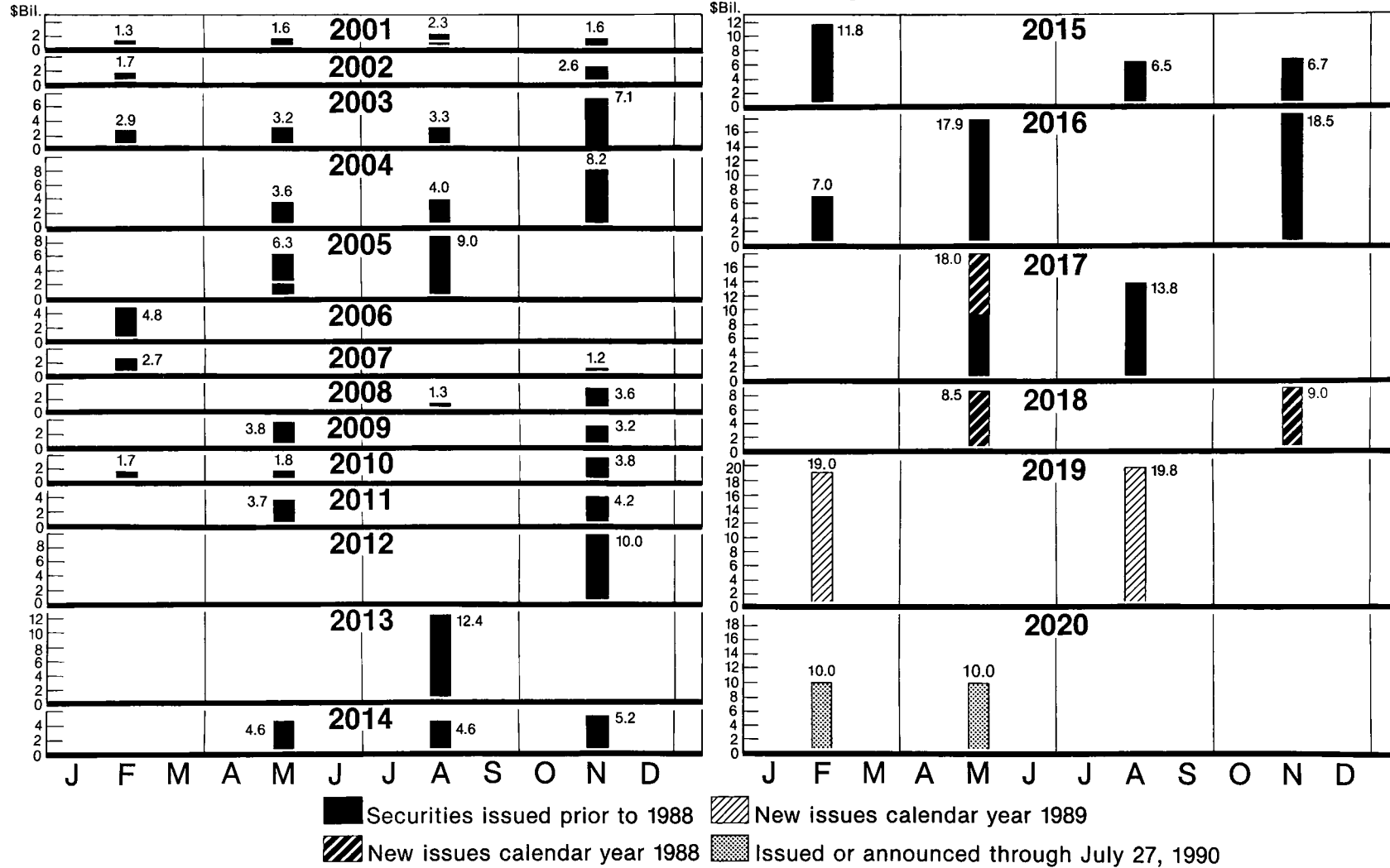
TREASURY MARKETABLE MATURITIES

Privately Held, Excluding Bills



TREASURY MARKETABLE MATURITIES

Privately Held, Excluding Bills



SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN AUGUST 1990^{1/}

Monday	Tuesday	Wednesday	Thursday	Friday
		1	2	3
6	7 Auction 3 year ^{2/}	8 Auction 10 year ^{2/}	9 Auction 30 year & CMB ^{2/}	10
13	14	15	16	17 Announce 52 week
20	21	22 Announce 2 year 5 year	23 Auction 52 week ^{3/}	24
27	28 Auction 2 year ^{4/}	29 Auction 5 year ^{5/}	30	31

^{1/} Does not include weekly bills

^{2/} For settlement August 15

^{3/} For settlement August 30

^{4/} For settlement August 31

^{5/} For settlement in early September

SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN AUGUST 1990^{1/}

Monday	Tuesday	Wednesday	Thursday	Friday
		1	2	3
6	7 Auction 3 year ^{2/}	8 Auction 10 year ^{2/}	9 Auction 30 year & CMB ^{2/}	10
13	14	15	16	17 Announce 52 week
20	21	22 Announce 2 year 5 year	23 Auction 52 week ^{3/}	24
27	28 Auction 2 year ^{4/}	29 Auction 5 year ^{5/}	30	31

- ^{1/} Does not include weekly bills
^{2/} For settlement August 15
^{3/} For settlement August 30
^{4/} For settlement August 31
^{5/} For settlement in early September

SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN SEPTEMBER 1990^{1/}

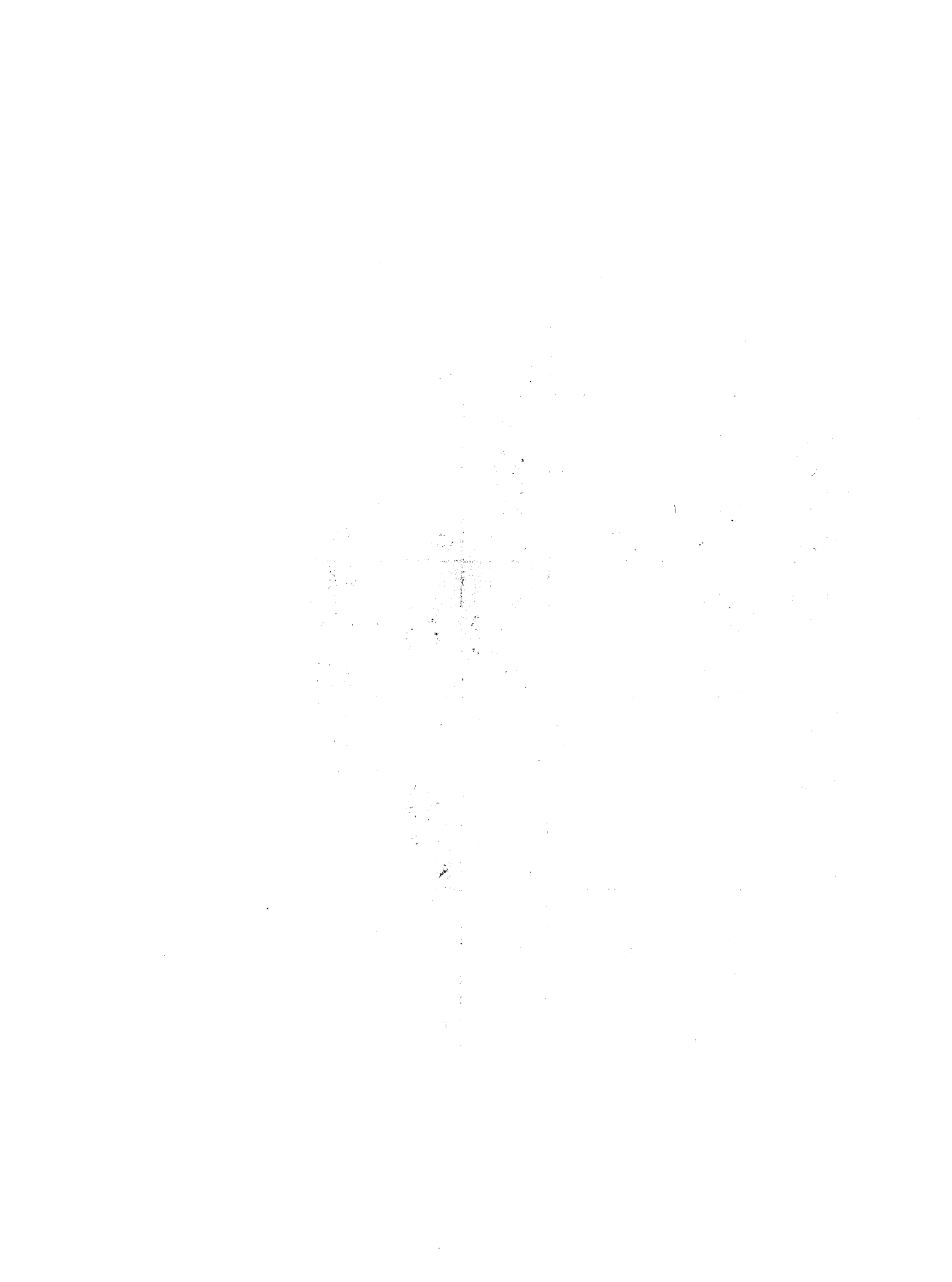
Monday	Tuesday	Wednesday	Thursday	Friday
3 Holiday	4	5	6	7
10	11	12	13	14 Announce 52 week
17	18	19 Announce 2 year 4 year	20 Auction 52 week ^{2/}	21
24	25 Auction 2 year ^{3/}	26 Auction 4 year ^{3/}	27	28

- ^{1/} Does not include weekly bills
- ^{2/} For settlement September 27
- ^{3/} For settlement October 1

SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN SEPTEMBER 1990^{1/}

Monday	Tuesday	Wednesday	Thursday	Friday
3 Holiday	4	5	6	7
10	11	12	13	14 Announce 52 week
17	18	19 Announce 2 year 4 year	20 Auction 52 week ^{2/}	21
24	25 Auction 2 year ^{3/}	26 Auction 4 year ^{3/}	27	28

- ^{1/} Does not include weekly bills
- ^{2/} For settlement September 27
- ^{3/} For settlement October 1



SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN OCTOBER 1990^{1/}

Monday	Tuesday	Wednesday	Thursday	Friday
1	2	3 Announce 7 year	4	5
8 Holiday	9	10 Auction 7 year ^{2/}	11	12 Announce 52 week
15	16	17 Announce 2 year	18 Auction 52 week ^{3/}	19
22	23	24 Auction 2 year ^{4/}	25	26
29	30	31		

^{1/} Does not include weekly bills

^{2/} For settlement October 15

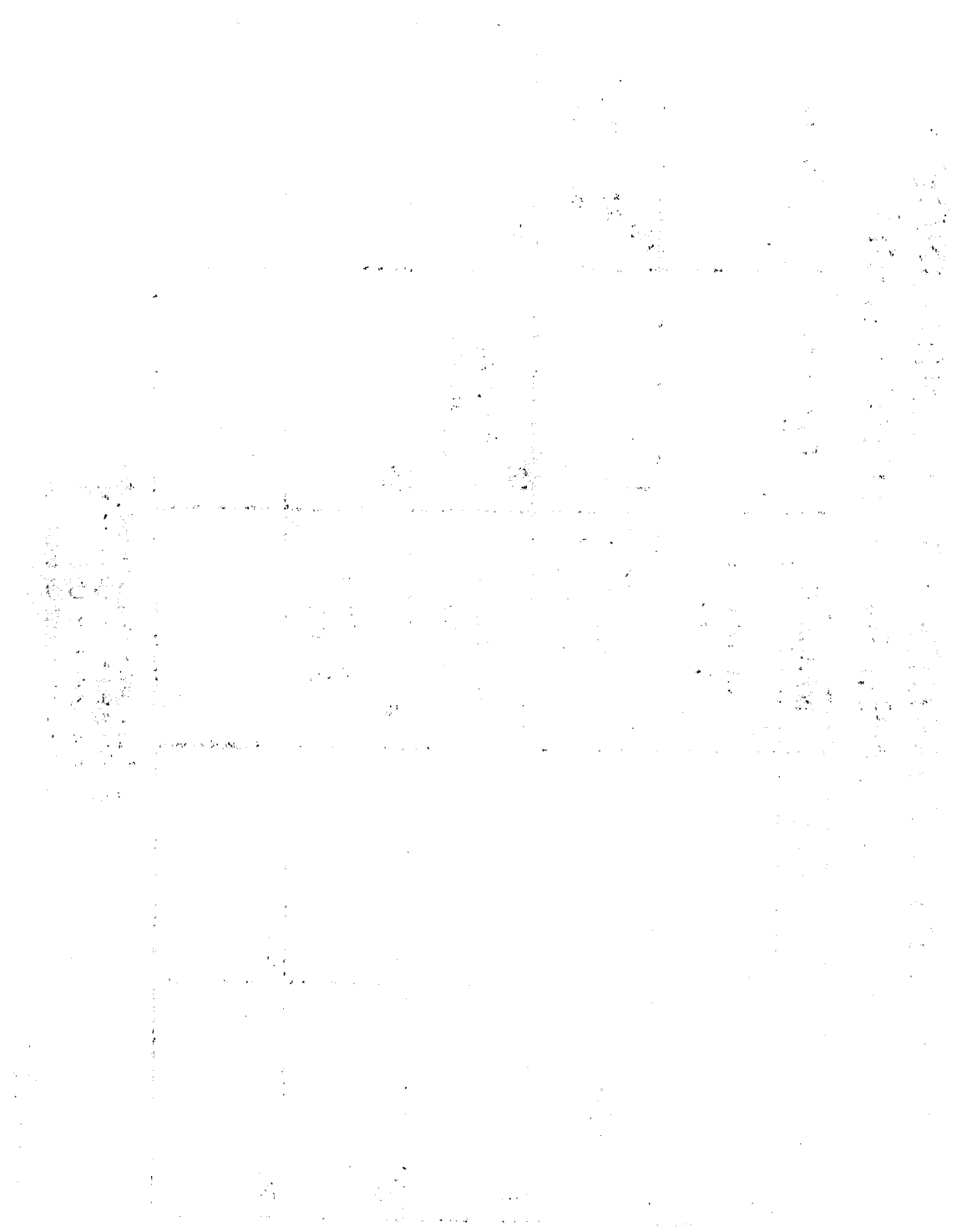
^{3/} For settlement October 25

^{4/} For settlement October 31

SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN OCTOBER 1990^{1/}

Monday	Tuesday	Wednesday	Thursday	Friday
1	2	3 Announce 7 year	4	5
8 Holiday	9	10 Auction 7 year ^{2/}	11	12 Announce 52 week
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29	30	31		

- ^{1/} Does not include weekly bills
^{2/} For settlement October 15
^{3/} For settlement October 25
^{4/} For settlement October 31



THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

August 2, 1990

STATEMENT BY THE DEPUTY PRESS SECRETARY

The President this morning signed an Executive Order freezing Iraqi property and assets in the United States and overseas branches. In addition, the President signed an Executive Order freezing Kuwaiti assets and property in order to prevent their takeover by the Iraqi government. We call on all other states to undertake similar action.

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Office of the Press Secretary

For Immediate Release

August 1, 1990

STATEMENT BY THE DEPUTY PRESS SECRETARY

The United States strongly condemns the Iraqi military invasion of Kuwait and calls for the immediate and unconditional withdrawal of all Iraqi forces. We have conveyed this message to the Iraqi Ambassador in Washington and to the Iraqi Government through our Embassy in Baghdad. We deplore this blatant use of military aggression and violation of the U.N. Charter. Together with Kuwait we are calling for an emergency session of the U.N. Security Council.

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August 2, 1990

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National Security Adviser Brent Scowcroft has been chairing an interagency task force in the Situation Room monitoring the Iraqi invasion of Kuwait. The President was informed of the initial signs of the Iraqi action at approximately 9 p.m. yesterday by National Security Adviser Scowcroft and has been receiving periodic updates since.

The United States is deeply concerned about this blatant act of aggression and demands the immediate and unconditional withdrawal of all Iraqi forces. We do not have exact details at this time concerning the extent of the Iraqi action, although it is clearly extensive. We have no reports of any harm to American citizens. The State Department is in constant contact with our Embassy in Kuwait concerning the status of U.S. citizens.

At the urging of Kuwait and the United States, the United Nations Security Council will be meeting early this morning to consider this matter. In addition, we have been informed that the Arab League and the Organization of the Islamic Conference will be convening to review the situation. We are urging the entire international community to condemn this outrageous act of aggression.

The United States is reviewing all options in its response to the Iraqi aggression.

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EXECUTIVE ORDER

- - - - -

BLOCKING KUWAITI GOVERNMENT PROPERTY

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and 3 U.S.C. 301.

I, GEORGE BUSH, President of the United States, find that the situation caused by the invasion of Kuwait by Iraq constitutes an unusual and extraordinary threat to the national security, foreign policy and economy of the United States and have declared a national emergency to deal with that threat.

I hereby order blocked all property and interests in property of the Government of Kuwait or any entity purporting to be the Government of Kuwait, its agencies, instrumentalities and controlled entities and the Central Bank of Kuwait that are in the United States, that hereafter come within the United States or that are or hereafter come within the possession or control of United States persons, including their overseas branches.

For purposes of this Order, the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States or any person in the United States.

The Secretary of the Treasury is authorized to employ all powers granted to me by the International Emergency Economic Powers Act to carry out the provisions of this Order.

This Order is effective immediately and shall be transmitted to the Congress and published in the Federal Register.



THE WHITE HOUSE,
August 2, 1990

EXECUTIVE ORDER

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By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and 3 U.S.C. 301.

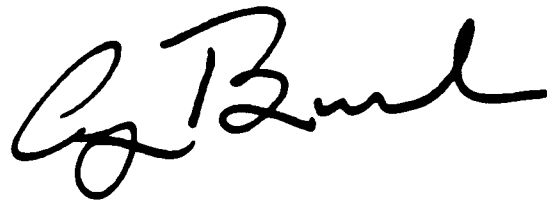
I, GEORGE BUSH, President of the United States, find that the situation caused by the invasion of Kuwait by Iraq constitutes an unusual and extraordinary threat to the national security, foreign policy and economy of the United States and have declared a national emergency to deal with that threat.

I hereby order blocked all property and interests in property of the Government of Kuwait or any entity purporting to be the Government of Kuwait, its agencies, instrumentalities and controlled entities and the Central Bank of Kuwait that are in the United States, that hereafter come within the United States or that are or hereafter come within the possession or control of United States persons, including their overseas branches.

For purposes of this Order, the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States or any person in the United States.

The Secretary of the Treasury is authorized to employ all powers granted to me by the International Emergency Economic Powers Act to carry out the provisions of this Order.

This Order is effective immediately and shall be transmitted to the Congress and published in the Federal Register.



THE WHITE HOUSE,

August 2, 1990

EXECUTIVE ORDER

- - - - -

BLOCKING IRAQI GOVERNMENT PROPERTY
AND PROHIBITING TRANSACTIONS WITH IRAQ

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and section 301 of title 3 of the United States Code.

I, GEORGE BUSH, President of the United States of America, find that the policies and actions of the Government of Iraq constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and hereby declare a national emergency to deal with that threat.

I hereby order:

Section 1. All property and interests in property of the Government of Iraq, its agencies, instrumentalities and controlled entities and the Central Bank of Iraq that are in the United States, that hereafter come within the United States or that are or hereafter come within the possession or control of United States persons, including their overseas branches, are hereby blocked.

Section 2. The following are prohibited, except to the extent provided in regulations which may hereafter be issued pursuant to this Order:

(a) The import into the United States of any goods or services of Iraqi origin, other than publications and other informational materials;

(b) The export to Iraq of any goods, technology (including technical data or other information controlled for export pursuant to Section 5 of the Export Administration Act (50 U.S.C. App. 2404)) or services from the United States, except publications and other informational materials, and donations of articles intended to relieve human suffering, such as food, clothing, medicine and medical supplies intended strictly for medical purposes;

(c) Any transaction by a United States person relating to transportation to or from Iraq; the provision of transportation to or from the United States by any Iraqi person or any vessel or aircraft of Iraqi registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1514), of any transportation by air which includes any stop in Iraq;

EXECUTIVE ORDER

BLOCKING IRAQI GOVERNMENT PROPERTY
AND PROHIBITING TRANSACTIONS WITH IRAQ

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(d) The purchase by any United States person of goods for export from Iraq to any country;

(e) The performance by any United States person of any contract in support of an industrial or other commercial or governmental project in Iraq;

(f) The grant or extension of credits or loans by any United States person to the Government of Iraq, its instrumentalities and controlled entities;

(g) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Iraq, or to activities by any such person within Iraq, after the date of this Order, other than transactions necessary to effect such person's departure from Iraq, or travel for journalistic activity by persons regularly employed in such capacity by a newsgathering organization; and

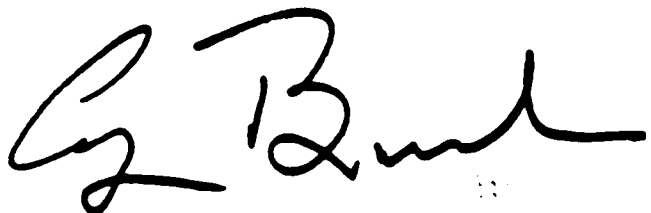
(h) Any transaction by any United States person which evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this Order.

For purposes of this Order, the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States, or any person in the United States.

Section 3. This Order is effective immediately.

Section 4. 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, as may be necessary to carry out the purposes of this Order. Such actions may include prohibiting or regulating payments or transfers of any property or any transactions involving the transfer of anything of economic value by any United States person to the Government of Iraq, its instrumentalities and controlled entities, or to any Iraqi national or entity owned or controlled, directly or indirectly, by Iraq or Iraqi nationals. The Secretary may redelegate any of these functions to other officers and agencies of the Federal government. All agencies of the United States government are directed to take all appropriate measures within their authority to carry out the provisions of this Order, including the suspension or termination of licenses or other authorizations in effect as of the date of this Order.

This Order shall be transmitted to the Congress and published in the Federal Register.



THE WHITE HOUSE,
August 2, 1990

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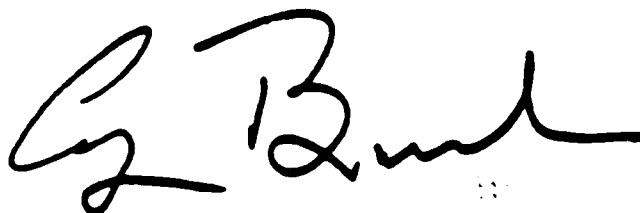
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This Order shall be transmitted to the Congress and published in the Federal Register.



THE WHITE HOUSE,

August 2, 1990

EXECUTIVE ORDER

BLOCKING KUWAITI GOVERNMENT PROPERTY

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and 3 U.S.C. 301.

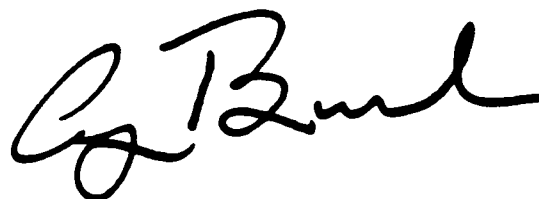
I, GEORGE BUSH, President of the United States, find that the situation caused by the invasion of Kuwait by Iraq constitutes an unusual and extraordinary threat to the national security, foreign policy and economy of the United States and have declared a national emergency to deal with that threat.

I hereby order blocked all property and interests in property of the Government of Kuwait or any entity purporting to be the Government of Kuwait, its agencies, instrumentalities and controlled entities and the Central Bank of Kuwait that are in the United States, that hereafter come within the United States or that are or hereafter come within the possession or control of United States persons, including their overseas branches.

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The Secretary of the Treasury is authorized to employ all powers granted to me by the International Emergency Economic Powers Act to carry out the provisions of this Order.

This Order is effective immediately and shall be transmitted to the Congress and published in the Federal Register.



THE WHITE HOUSE,
August 2, 1990

EXECUTIVE ORDER

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BLOCKING KUWAITI GOVERNMENT PROPERTY

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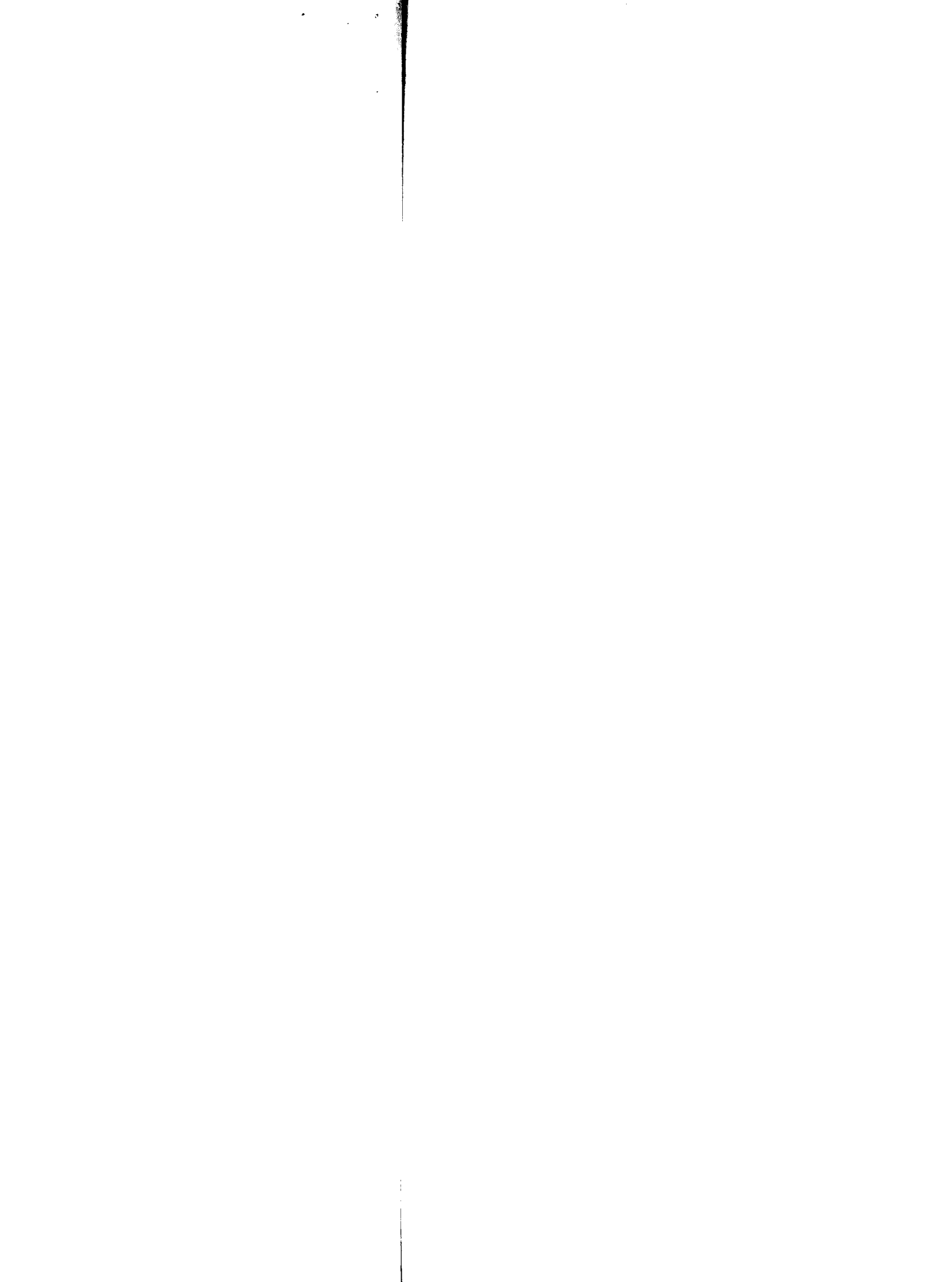
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THE WHITE HOUSE,
August 2, 1990



EXECUTIVE ORDER

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BLOCKING IRAQI GOVERNMENT PROPERTY AND PROHIBITING TRANSACTIONS WITH IRAQ

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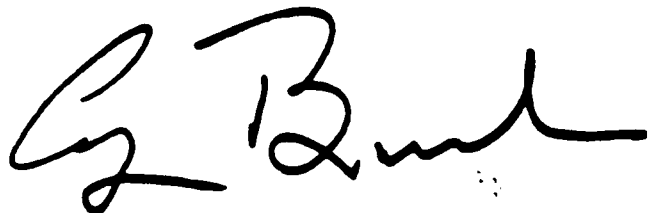
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THE WHITE HOUSE,
August 2, 1990

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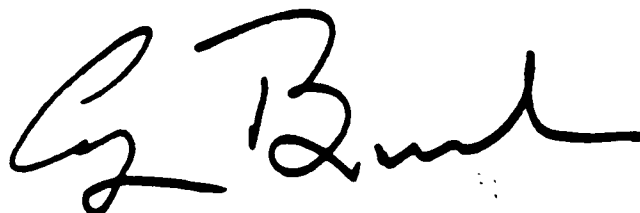
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THE WHITE HOUSE,
August 2, 1990

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-204

FOR IMMEDIATE RELEASE
August 2, 1990

DEPT. OF THE TREASURY

CONTACT: Office of Financing
202/376-4350

RESULTS OF TREASURY'S AUCTION OF 44-DAY CASH MANAGEMENT BILLS

Tenders for \$4,030 million of 44-day Treasury bills to be issued on August 7, 1990, and to mature September 20, 1990, were accepted at the Federal Reserve Banks today. The details are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS

	<u>Discount Rate</u>	<u>Investment Rate (Equivalent Coupon-Issue Yield)</u>	<u>Price</u>
Low	7.59%	7.77%	99.072
High	7.60%	7.78%	99.071
Average	7.60%	7.78%	99.071

Tenders at the high discount rate were allotted 86%.

TOTAL TENDERS RECEIVED AND ACCEPTED BY FEDERAL RESERVE DISTRICTS (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ --	\$ --
New York	25,690,000	4,007,100
Philadelphia	--	--
Cleveland	1,000	1,000
Richmond	10,000	--
Atlanta	--	--
Chicago	1,525,000	21,500
St. Louis	--	--
Minneapolis	--	--
Kansas City	--	--
Dallas	--	--
San Francisco	1,150,000	--
TOTALS	\$28,376,000	\$4,029,600

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE
August 2, 1990

DEPT. OF THE TREASURY CONTACT: Office of Financing
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TOTALS	\$28,376,000	\$4,029,600

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

For Release Upon Delivery

Expected at 9:30

August 3, 1990

STATEMENT OF
THOMAS D. TERRY
BENEFITS TAX COUNSEL
DEPARTMENT OF THE TREASURY
BEFORE THE
SUBCOMMITTEE ON PRIVATE RETIREMENT PLANS AND OVERSIGHT OF THE
INTERNAL REVENUE SERVICE
COMMITTEE ON FINANCE
UNITED STATES SENATE

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to present the views of the Administration on S. 2901, the Employee Benefits Simplification Act and on S. 2902, the Church Retirement Benefits Simplification Act.

At the outset, I must note that in the current budgetary environment, simplification proposals are constrained by the realities of the Federal budget. We believe, however, that simplification of the employee benefit provisions of the Internal Revenue Code is needed--and that significant simplification is possible within budgetary constraints. We commend the Chairman and Representative Chandler for making a promising beginning by the introduction of S. 2901 and H.R. 5362, respectively.

We anticipate that S. 2901 in its current form could lose significant revenue, although we have not completed a comprehensive revenue estimate of its provisions. Accordingly, the Administration cannot support the bill in its current form. Some provisions of the bill will both achieve desirable simplification of the law and raise revenue, however. It should, therefore, be possible to fashion a revenue-neutral package of simplifying provisions. We will be pleased to work with the Subcommittee to achieve meaningful and affordable simplification.

The Internal Revenue Code provisions relating to employee benefits have become increasingly complex in recent years. This complexity reflects both the wide variety of plans and their increasing sophistication. Given this environment, the tax laws relating to employee benefits in general, and the tax qualifica-

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The Internal Revenue Code provisions relating to employee benefits have become increasingly complex in recent years. This complexity reflects both the wide variety of plans and their increasing sophistication. Given this environment, the tax laws relating to employee benefits in general, and the tax qualifica-

tion requirements of section 401 of the Internal Revenue Code in particular, will never be "simple." But they clearly can be simpler than they are now; many provisions of existing law are more complex than they need be. Eliminating such unneeded complexity will benefit both the taxpayer and the tax administrator and offers the prospect of improved compliance.

The remainder of my written statement consists of our substantive comments on the provisions of S. 2901 and a brief discussion of S. 2902.

S.2901
"Employee Benefits Simplification Act"

Title I - Nondiscrimination Provisions

Section 101. Definition of Highly Compensated Employees

Current Law

The Internal Revenue Code (the "Code") defines the term "highly compensated employee" to include any employee who during the current or preceding year (1) was a 5-percent owner, (2) earned over \$75,000 (indexed) in compensation, (3) earned over \$50,000 (indexed) in compensation and was in the top 20 percent of the employer's workforce by compensation, or (4) was an officer earning compensation over \$45,000 (indexed) or was the highest paid officer, if no officer earned more than the stated amount. For purposes of defining highly compensated employees, the term "compensation" generally has the same meaning as for purposes of the limits on contributions and benefits under qualified plans (section 415), except that salary reduction amounts are taken into account. Current law permits certain employers to treat, on an elective basis, all employees earning over \$50,000 (indexed) as highly compensated employees regardless of whether they are in the top 20 percent of the employer's workforce by compensation. In addition, certain family aggregation rules apply in the case of 5-percent owners and other highly compensated employees who are among the top 10 employees by compensation.

Proposal

The proposal would redefine the term highly compensated employee to include only 5-percent owners and employees who earn over \$50,000 (indexed) in compensation. If an employer had no highly compensated employees under this definition, then the one employee with the highest compensation would be treated as highly compensated (the "one-employee rule"). The one-employee rule would not apply, however, for purposes of sections 401(k) and (m)

tion requirements of section 401 of the Internal Revenue Code in particular, will never be "simple." But they clearly can be simpler than they are now; many provisions of existing law are more complex than they need be. Eliminating such unneeded complexity will benefit both the taxpayer and the tax administrator and offers the prospect of improved compliance.

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S.2901
"Employee Benefits Simplification Act"

Title I - Nondiscrimination Provisions

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The Internal Revenue Code (the "Code") defines the term "highly compensated employee" to include any employee who during the current or preceding year (1) was a 5-percent owner, (2) earned over \$75,000 (indexed) in compensation, (3) earned over \$50,000 (indexed) in compensation and was in the top 20 percent of the employer's workforce by compensation, or (4) was an officer earning compensation over \$45,000 (indexed) or was the highest paid officer, if no officer earned more than the stated amount. For purposes of defining highly compensated employees, the term "compensation" generally has the same meaning as for purposes of the limits on contributions and benefits under qualified plans (section 415), except that salary reduction amounts are taken into account. Current law permits certain employers to treat, on an elective basis, all employees earning over \$50,000 (indexed) as highly compensated employees regardless of whether they are in the top 20 percent of the employer's workforce by compensation. In addition, certain family aggregation rules apply in the case of 5-percent owners and other highly compensated employees who are among the top 10 employees by compensation.

Proposal

The proposal would redefine the term highly compensated employee to include only 5-percent owners and employees who earn over \$50,000 (indexed) in compensation. If an employer had no highly compensated employees under this definition, then the one employee with the highest compensation would be treated as highly compensated (the "one-employee rule"). The one-employee rule would not apply, however, for purposes of sections 401(k) and (m)

of the Code (relating to elective deferrals, matching contributions and employee contributions). As under current law, 5-percent ownership would be determined as of any time in the current or preceding year. For purposes of the \$50,000 rule, however, an employee's compensation generally would be determined under the new uniform definition of compensation under the proposal described below for the preceding calendar year, except that the election to use base pay could not be made. Application of the family aggregation rules would be limited to 5-percent owners.

Administration Position

We generally support the proposal to simplify the definition of highly compensated employees. The elimination of the rules regarding officers and the top 20 percent of employees by compensation simplifies current law without sacrificing important policy objectives.

An important adjunct to this simplified definition, however, is the general rule that an employer is always deemed to have at least one highly compensated employee. Thus, we oppose the exception contained in the proposal to the one-employee rule for purposes of sections 401(k) and (m).

We generally support the proposal to determine compensation based on prior periods for purposes of applying the \$50,000 rule. This rule would enable an employer to know at the beginning of the year who its highly compensated employees are. We are concerned, however, that a rule looking only at prior period compensation will result in unintended gaps in the highly compensated group, primarily in the case of new hires and employees with substantial pay increases. Accordingly, the proposal should be modified to address these gaps.

We oppose the use of the proposal's new uniform definition of compensation under section 414(s) for purposes of determining an employer's highly compensated employees. As a general proposition, we believe the definition of compensation for this purpose should be defined as closely as possible to total taxable compensation plus salary reduction amounts. In particular, we believe the proposal should require, and not merely permit, the add-back of salary reduction amounts, as provided under current law. It is inappropriate for the determination of an employer's highly compensated employees to be influenced by individual employee decisions to make salary reduction contributions or, for that matter, by the employer's own decision whether to offer salary reduction arrangements of one type or another to its employees.

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Section 102. Definition of Compensation

Current Law

Current law contains several definitions of compensation for purposes of applying the employee benefit provisions of the Code. One definition applies for purposes of determining the limits on contributions and benefits under qualified plans; a second definition applies for purposes of determining whether employees are highly compensated; a third definition applies generally for purposes of applying the nondiscrimination rules to qualified retirement arrangements.

The basic definition of compensation under current law is used to determine the limits on contributions and benefits under qualified plans (section 415). Compensation for this purpose is defined to conform as closely as possible to total taxable income received from the employer. Thus, salary reduction amounts excluded from an employee's gross income are not taken into account in determining compensation for this purpose. Recently issued temporary and proposed Treasury regulations provide employers with two alternative safe harbor definitions of compensation for purposes of section 415. These definitions are wages subject to income tax withholding and wages subject to social security taxes (determined without regard to the wage base limitation).

A different definition of compensation applies under current law for purposes of determining which employees of an employer are highly compensated (section 414(q)). The definition of compensation used for this purpose is identical to that used to determine the limits on contributions and benefits under qualified plans (including the safe harbor alternatives), except that salary reduction amounts are added back into an employee's otherwise taxable compensation.

A third definition of compensation is provided under current law for the principal purpose of applying the nondiscrimination rules applicable to qualified retirement arrangements (section 414(s)). Like the definition of compensation used to determine an employer's highly compensated employees, this definition specifically incorporates by reference the definition of compensation used to determine the limits on contributions and benefits under qualified plans (including the safe harbor alternatives). However, because the definition is crucial to determining satisfaction of the nondiscrimination rules with respect to a wide variety of qualified retirement arrangements, considerably more flexibility is provided than under either of the other two definitions of compensation discussed above. Thus, the current statute permits an employer to elect to include in compensation for this purpose all salary reduction amounts under certain enumerated provisions of the Code. The recently issued Treasury regulations implement this portion of the statute and,

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in addition, permit employers to include salary reduction amounts under certain other provisions of the Code. The current statute also grants the Secretary authority to prescribe alternative definitions of compensation under section 414(s) as long as such alternative definitions do not result in discrimination in favor of highly compensated employees. The regulations implement this authority in two ways, most significantly by permitting employers to elect to use any other reasonable definition of compensation subject to satisfaction of a nondiscrimination test.

Proposal

The proposal would amend all three definitions of compensation under current law. For purposes of determining the limits on contributions and benefits under qualified plans, the proposal would define compensation as wages shown on the W-2 form (defined for this purpose as wages subject to income tax withholding). Alternatively, an employer could elect to define compensation solely by reference to the base pay of employees. Under either alternative, an employer could elect to include certain salary reduction amounts in compensation. Either of the foregoing elections would have to be made on a consistent basis for all plans, with respect to all employees, and for all purposes (except as noted below). Neither election could be revoked without the Commissioner's consent.

The same definition of compensation would apply for purposes of determining the employer's highly compensated employees. Two exceptions would apply, however. First, as mentioned earlier, compensation for this purpose generally would be determined on the basis of the prior year rather than the current year. And, second, an employer could not elect to define compensation by reference to base pay, even if such election were made for purposes other than determining the employer's highly compensated employees.

The same definition of compensation would apply under section 414(s) as applies for purposes of determining the limits on contributions and benefits under qualified plans. In addition, the proposal specifically repeals the Secretary's authority under that section to prescribe alternative definitions of compensation.

Administration Position

We oppose the proposal to amend the current law definitions of compensation. We believe that the current definitions are more consistent than the proposal with the policies underlying each of the affected provisions of the Code. In addition, we believe the temporary and proposed regulations issued last May under sections 414(s) and 415 of the Code are more workable than the proposal. Legislation in this area is unnecessary.

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In particular, we oppose the election permitted under the proposal to include salary reduction amounts in compensation for purposes of determining the limits on contributions and benefits under qualified plans. The election is inconsistent with the general policy that amounts excluded from gross income not be taken into account for this purpose.

We also oppose the proposal's failure to require that salary reduction amounts be added back to an employee's otherwise taxable compensation for purposes of determining the employer's highly compensated employees for the reasons explained earlier in our testimony.

In addition, we believe the reduction in the number of options employers have under the proposal to define compensation for purposes of section 414(s) is unwarranted. In developing the regulations, the IRS surveyed large numbers of employers in order to tailor the section 414(s) definition of compensation to existing payroll and compensation practices as well as to the needs of widely-used plan designs. Based on the survey, the IRS found little consistency in payroll and compensation practices. Accordingly, we do not believe the proposal provides the necessary flexibility to make it workable. Moreover, that flexibility could no longer be provided through regulations as the proposal would repeal the Secretary's authority to prescribe alternative definitions of compensation.

Finally, we oppose the proposal's failure to impose a statutory requirement that any definition of compensation elected by an employer by reference to base pay must be nondiscriminatory.

Section 103. Modifications of Cost-of-Living Adjustments

Current Law

Cost-of-living adjustments to various dollar limitations are currently made under adjustment procedures similar to those used for adjusting benefits under the Social Security Act, generally using the last calendar quarter of a year and a base period of the last calendar quarter of 1986. Under the Social Security Act procedures, cost-of-living adjustments to benefits are announced after the beginning of the year in which they are effective.

Proposal

The proposal would require the cost-of-living adjustments to be based on increases in the applicable index as of the close of the calendar quarter ending September 30 of the preceding calendar year. The proposal would also require that dollar amounts, as adjusted, be rounded to the nearest \$1,000 (or to the nearest \$100 in the case of the limitations on elective deferrals and in

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the case of the minimum and maximum compensation amounts applicable to simplified employee pensions ("SEPs")).

Administration Position

We believe this provision would be simplifying and is worth further investigation. Use of an earlier calendar quarter would permit cost-of-living adjustments to be announced before the beginning of a calendar year, and the use of rounding would ease administration and employee communications.

Section 104. Modification of Additional Participation Requirements

Current Law

Qualified plans, including both defined benefit and defined contribution plans, are generally required to benefit the lesser of 50 employees or 40 percent of the employer's workforce. New proposed regulations issued in May of this year substantially simplified the application of the minimum participation requirements.

Proposal

The proposal would exempt defined contribution plans from the minimum participation requirements. In addition, the proposal generally would reduce the numerical thresholds under the minimum participation requirements to require a defined benefit plan to cover only the lesser of 25 employees or 40 percent of the employer's workforce (but in no case less than 2 employees unless the employer had only one employee). The proposal would also permit employers to elect to have the new rules apply as if they had been included in the Tax Reform Act of 1986.

Administration Position

We are willing to investigate with the Congress the merits of modifying the current law minimum participation requirements along the lines set forth in the proposal. Because the proposal would permit employers to maintain a greater number of qualified plans with a smaller number of participants in each plan, a full assessment is needed of the additional administrative burden the proposal would place on the Internal Revenue Service.

We also question the desirability of an exemption for defined contribution plans from the minimum participation requirements. By providing that exemption, the proposal draws a fundamental distinction between defined benefit and defined contribution plans when, in practice, hybrid plans such as target benefit plans share characteristics of both types of plans. We believe

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more study is needed of this issue before a major category of plans is exempted from the minimum participation requirements altogether.

We oppose the portion of the proposal that permits employers to elect a retroactive effective date.

Section 105. Nondiscrimination Rules for Qualified Cash or Deferred Arrangements and Matching Contributions

Current Law

Elective salary deferral contributions to a qualified cash or deferred arrangement are generally required to meet a special average deferral percentage ("ADP") test. To satisfy the ADP test, the average of the deferral rates (expressed as a percentage of compensation) for each highly compensated employee eligible to participate in the plan generally may not exceed the greater of (1) 125 percent of the average of the deferral rates of all nonhighly compensated employees eligible to participate in the plan or (2) the lesser of (a) 200 percent of the average of the deferral rates of all nonhighly compensated employees eligible to participate in the plan, or (b) such average plus 2 percentage points. If a plan does not satisfy the ADP test for a year, excess deferrals by highly compensated employees must be either redistributed to them or recharacterized as after-tax contributions in order to retain the qualified status of the cash or deferred arrangement. The distributions are made on the basis of the respective portions of excess contributions attributable to each highly compensated employee.

If a plan permits after-tax employee contributions, or provides for employer contributions that are contingent on a participant's elective deferrals or after-tax employee contributions ("matching contributions"), the amount of such contributions generally must satisfy a special average contribution percentage ("ACP") test. The ACP test is generally the same as the ADP test described above, except that it applies to matching and after-tax employee contributions rather than to elective deferrals. Rules analogous to the distribution rules under the ADP test must also be followed if the ACP test is not satisfied.

Proposal

The proposal would create certain safe harbors that would, in effect, deem either the ADP test or the ACP test, or both, to have been satisfied with respect to elective deferrals and matching contributions if the plan meets certain design and notice criteria. The ADP test would be deemed to have been satisfied if (1) the plan either (a) provided matching contributions with respect to all nonhighly compensated employees equal to 100 percent of elective deferrals up to 3 percent of

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compensation, and 50 percent of elective deferrals between 3 and 5 percent of compensation, or (b) provided nonelective contributions equal to at least 3 percent of compensation to all nonhighly compensated employees eligible to participate in the plan, and (2) provided notice within a reasonable period before the beginning of a year to all employees eligible to participate of their rights and obligations under the plan. Certain alternative matching formulas would be allowed, subject to nondiscrimination requirements.

The ACP test would be deemed to have been satisfied with respect to matching contributions if the design and notice criteria relating to the ADP test were met and, in addition, (1) matching contributions were not made with respect employee contributions or elective deferrals in excess of 6 percent of an employee's compensation, (2) the level of matching contributions did not increase with the level of employee or matching contributions, and (3) the rate of matching contributions at each level of compensation was no higher for highly compensated than nonhighly compensated employees.

Employer matching and nonelective contributions used to meet the safe harbor requirements would be required to be nonforfeitable and subject to restrictions on withdrawals.

The proposal would also modify the standards for determining which excess deferrals and matching contributions to distribute first in the event the ADP or ACP tests are not passed and require any distributions to be made to highly compensated employees on the basis of the respective amount of contributions made on their behalf.

Administration Position

We oppose the proposed modifications to the nondiscrimination tests under sections 401(k) and 401(m) which would eliminate current law testing based on actual contributions. The proposals represent a significant change in policy, not merely a simplification. We believe they would seriously erode current policies against discrimination in retirement plans. We believe that the principal sources of complexity in this area are not the basic ADP and ACP tests but rather the rules applicable to the distribution and recharacterization of excess deferrals and contributions. Thus, we believe that simplification of these rules--not abandonment of the fundamental policy underlying these nondiscrimination rules--should be the simplification objective in this area.

In the case of plans which permit employees to elect the amount to be contributed on their behalf, existing law takes into account the fact that higher-paid employees will normally choose to defer a higher percentage of their income than lower-paid

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Cash or deferred plans are extremely popular today. In fact, as illustrated in Table I below, IRS data indicates that an increasingly large number of employers continue to establish and maintain these plans even though ADP and ACP testing is required, and even though the Tax Reform Act of 1986 substantially tightened the statutory requirements.

TABLE I

NUMBER OF 401(K) PLANS
(Based on Form 5500 Filings)

	1985	1986	1987	1988
FORM 5500	6,942	8,842	10,486	10,645
FORM 5500-C	17,499	17,228	22,088	26,341
FORM 5500-R (ESTIMATED)	22,203	21,859	21,947	26,756
TOTAL	46,644	47,929	54,521	63,742

SOURCE: INTERNAL REVENUE SERVICE
EMPLOYEE PLANS & EXEMPT ORGANIZATIONS

JULY 31, 1990

It is not at all clear what effect substituting a design-based qualification system for the ADP and ACP tests will have on the participation of nonhighly compensated employees in cash or deferred arrangements. The present-law ADP and ACP tests provide an clear incentive for employers to design a plan that is attractive to rank-and-file employees and to make every effort to communicate the plan to those employees, since the actual level of participation by those employees directly affects the permitted level of deferrals by highly compensated employees. By contrast, while the proposal does require notice of the plan to be given to eligible employees, a design-based test provides no incentive to provide benefits in excess of the statutory minimum. In fact, such a test discourages employers from encouraging rank-and-file employees to participate since, once the design-based criteria have been met, any additional participation by the nonhighly compensated generally increases the cost of a plan.

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Of the various sources of complaint about the ADP and ACP tests, we believe that the rules for correcting excess contributions are the most significant. Ways to simplify those rules while retaining the present-law ADP and ACP tests should be explored.

We also believe that one way to simplify the current rules would be to base the ADP and ACP tests on the prior year's average deferral and average contribution percentages for nonhighly compensated employees. This approach would make the results of the tests more predictable and would significantly reduce the likelihood of excess contributions because an employer would need to monitor currently only the elections of highly compensated employees. Indeed, excess contributions might be avoided altogether under such an approach if each highly compensated employee were permitted to defer no more than the prior year's average deferral percentage for nonhighly compensated employees plus the disparity otherwise permitted under those tests. This rule would be similar to the present-law rule for elective deferrals under simplified employee pensions.

Title II - Distributions

Section 201. Taxability of Beneficiary of Employees' Trust

Present Law

Distributions from qualified plans and other tax-preferred retirement programs are generally subject to income tax upon receipt. Premature distributions, generally those made before age 59-1/2, may also be subject to a 10-percent additional tax. A number of special rules may alter the general rule if applicable.

Rollovers

Current income tax and, if applicable, the additional tax on a distribution can be avoided if the taxable portion of an eligible distribution is "rolled over" to another qualified plan or Individual Retirement Account ("IRA"). Only certain distributions (generally distributions that are either "qualified total distributions" or "partial distributions") are eligible for rollover treatment. As only the taxable portion of a distribution is eligible for rollover treatment, after-tax employee contributions may not be rolled over.

Lump Sum Distributions

Capital Gains and Forward Averaging

Certain lump sum distributions are eligible to be taxed under special rules. Generally, these rules result in a lower rate of

Of the various sources of complaint about the ADP and ACP tests, we believe that the rules for correcting excess contributions are the most significant. Ways to simplify those rules while retaining the present-law ADP and ACP tests should be explored.

We also believe that one way to simplify the current rules would be to base the ADP and ACP tests on the prior year's average deferral and average contribution percentages for nonhighly compensated employees. This approach would make the results of the tests more predictable and would significantly reduce the likelihood of excess contributions because an employer would need to monitor currently only the elections of highly compensated employees. Indeed, excess contributions might be avoided altogether under such an approach if each highly compensated employee were permitted to defer no more than the prior year's average deferral percentage for nonhighly compensated employees plus the disparity otherwise permitted under those tests. This rule would be similar to the present-law rule for elective deferrals under simplified employee pensions.

Title II - Distributions

Section 201. Taxability of Beneficiary of Employees' Trust

Present Law

Distributions from qualified plans and other tax-preferred retirement programs are generally subject to income tax upon receipt. Premature distributions, generally those made before age 59-1/2, may also be subject to a 10-percent additional tax. A number of special rules may alter the general rule if applicable.

Rollovers

Current income tax and, if applicable, the additional tax on a distribution can be avoided if the taxable portion of an eligible distribution is "rolled over" to another qualified plan or Individual Retirement Account ("IRA"). Only certain distributions (generally distributions that are either "qualified total distributions" or "partial distributions") are eligible for rollover treatment. As only the taxable portion of a distribution is eligible for rollover treatment, after-tax employee contributions may not be rolled over.

Lump Sum Distributions

Capital Gains and Forward Averaging

Certain lump sum distributions are eligible to be taxed under special rules. Generally, these rules result in a lower rate of

tax than would otherwise apply to a distribution, but may only be used with respect to one distribution in an employee's lifetime.

A participant or beneficiary may be able to elect to use the 5-year forward averaging rules with respect to a lump sum distribution if certain requirements are met. If a lump sum distribution is received before 1992, the recipient may also be able to elect to have the portion of the distribution attributable to pre-1974 plan participation taxed at capital gains rates.

Participants who attained age 50 before January 1, 1986, have three additional options which may reduce the rate of tax on a distribution. First, instead of using the 5-year forward averaging rules, they may continue to use the 10-year forward averaging rules available before the Tax Reform Act of 1986. Second, they may use the 5-year and 10-year forward averaging rules even if they are younger than the currently prescribed age requirement when they receive a distribution, if all of the other requirements for using those rules are met. Finally, they may elect to have the entire portion of a lump sum distribution attributable to pre-1974 participation taxed at a 20 percent rate.

Net Unrealized Appreciation

If a lump sum distribution includes securities of the employer corporation, the "net unrealized appreciation" ("NUA") in the employer securities is generally not subject to tax until the securities are sold, unless the recipient elects to have the normal distribution rules apply. When the securities are sold, the NUA is treated as long-term capital gain. If a distribution is not a lump sum distribution, only the NUA attributable to the employee's own contributions may be excluded from income under these special rules.

Proposal

The proposal would eliminate most of the restrictions on the types of distributions eligible for rollover treatment, and would eliminate 5-year forward averaging for lump sum distributions. It would, however, continue to prohibit the rollover of employee contributions. It would also retain the current law treatment of NUA, and the special capital gains and forward averaging rules available to participants who attained age 50 before January 1, 1986.

Administration Position

We believe that the qualified plan distribution rules are an excellent candidate for simplification. The tax treatment of qualified plan distributions is unnecessarily complex. The

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Administration Position

We believe that the qualified plan distribution rules are an excellent candidate for simplification. The tax treatment of qualified plan distributions is unnecessarily complex. The

statutory rules for determining when a distribution can be rolled over into another qualified plan or IRA run well over 2000 words, and present innumerable interpretive issues. The steady accumulation of special rules and tax preferences over time has resulted in a statutory scheme with no clear structure or underlying rationale. Moreover, the burden of this complexity falls primarily on plan participants and beneficiaries, who must understand the rules (or hire an attorney or accountant to help them) to make use of them. By way of example, the forward averaging and other tax preferences applicable to lump sum distributions were added at a time when marginal tax rates were much higher than they are today and taxpayers faced a multi-tiered rate structure. Given the 1986 changes in the basic structure of the individual rates and brackets, these highly complex provisions are no longer needed. This would be particularly true if rollovers were liberalized as contemplated by the bill.

We could support this portion of the bill if the proposal were modified in several ways. First, no true simplification of the tax treatment of distributions is possible without eliminating the NUA exclusion. Retention of the exclusion requires the retention of the concept of a lump sum distribution, which is one of the principal sources of complexity under current law. The exclusion is no longer necessary to protect participants from possible inability to pay tax on a distribution, because, under the proposal, lump sum distributions would always be able to be rolled over into a qualified plan or IRA. Also, the computation of NUA on employer securities needed to apply to apply existing law creates significant recordkeeping and basis determination requirements for taxpayers. The determination of the qualified trust's cost basis for employer securities purchased at various times and for various prices is a burden even for computerized recordkeepers.

Second, we believe that the special transition rules making certain preferential treatment available to taxpayers who attained age 50 before January 1, 1986, should be eliminated. Most taxpayers who are now currently eligible to use 5-year forward averaging are also eligible to use these grandfather rules (because any individual who is now over 59-1/2 was also 50 years or older in 1986). Furthermore, the 10-year forward averaging rules are generally more advantageous for them unless the size of their lump sum distribution is very large. For most taxpayers, then, the repeal of 5-year forward averaging alone will have little effect in short-term, and will not appreciably simplify the determination of their tax liabilities.

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Section 202. Qualified Plans Must Provide for Transfers of Certain Distributions to Other Plans

Current Law

Current law places various restrictions on pre-retirement distributions of benefits from qualified plans. When a permissible distribution is made from a plan, it generally is made directly to the participant or beneficiary and is subject to income tax and, in the case of a premature distribution, a 10-percent additional tax. Under certain circumstances, the recipient of a qualified plan distribution can avoid current income taxation and any 10-percent additional tax by rolling the distribution over into another qualified plan or IRA. Similar rules apply to tax-sheltered annuities. The circumstances under which such rollovers are permitted under current law are limited, however, and the rules applicable to them are very complex.

Proposal

The proposal would require qualified plans to make "applicable distributions" in the form of direct trustee-to-trustee transfers to "eligible transferee plans." Applicable distributions would generally include any distributions over \$500 permitted to be made by a plan that would have been subject to the 10 percent additional tax on early distributions if they had been distributed directly to the participant or beneficiary. Exceptions to the required transfer provisions would be provided for certain distributions, including any distribution after the employee attains age 55, and distributions of employee contributions.

Eligible transferee plans would include IRAs and qualified defined contribution plans that accepted such transfers. Under the proposal, however, qualified plans would not be required to accept such transfers.

Administration Position

The Administration is continuing to study the issues which are addressed in the proposal. Figures indicate employees are spending a significant portion of their retirement savings before retirement by virtue of failing to roll over distributions received on change of employment. The Department of Labor has serious concerns about the implications of the losses of retirement savings. Finding an effective and affordable way to reduce those losses is clearly important. We have been working with the Department in evaluating possible solutions, we will continue to cooperate with efforts to address this important concern. However, we do not endorse the proposal today because of tax policy concerns, not the least of which is revenue.

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Section 203. Required Distributions

Current Law

Under current law, distributions under most tax-favored retirement arrangements must begin by no later than April 1st of the calendar year following the calendar year in which the participant attains age 70-1/2, regardless of when the participant retires. This requirement generally applies to all qualified plans, IRAs, tax-sheltered retirement annuities and custodial accounts, and eligible deferred compensation plans of certain governmental and tax-exempt employers.

Proposal

The proposal would amend current law to return to the law in effect prior to the changes made by the Tax Reform Act of 1986. Thus, distributions would generally be required to begin by no later than April 1st of the calendar year following the later of (1) the calendar year in which the participant attains age 70, or (2), except in the case of distributions from an IRA or to a 5-percent owner of the employer, the calendar year in which the participant retires. In the case of an employee who is permitted to delay required distributions until after retirement, the proposal would require the employee's accrued benefit to be actuarially increased to take into account the period after age 70 during which the employee does not receive distributions under the plan.

Administration Position

We do not oppose allowing a delay in required distributions until actual retirement except with respect to 5-percent owners, provided that the actuarial adjustment required in the case of delayed distributions is fair and realistic.

Title III - Miscellaneous

Section 301. Treatment of Leased Employees

Current Law

Section 414(n) of the Code provides that, for purposes of certain retirement and welfare benefit provisions of the Code, a leased employee is treated as an employee of the recipient of the leased employee's services. In order to be treated as a leased employee, a person must not be a common-law employee of the recipient and, in addition, must meet three requirements. First, the person must provide services to the recipient pursuant to an agreement between the recipient and a third-party leasing organization. Second, the person must provide the services to the

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recipient on a substantially full-time basis for at least one year. And, third, the services must be of a type historically performed by common-law employees in the business field of the recipient.

Proposal

The proposal would eliminate the third requirement that the services be of a type historically performed by common-law employees in the business field of the recipient. In place of the "historically performed" standard, the proposal would substitute a new requirement that the services be performed under the control of the recipient.

Administration Position

We do not oppose the proposal because we understand its intent is to limit section 414(n) to the abuses Congress originally sought to target when it enacted the section in 1983. The proposal aims to overturn the expansive reading of the "historically performed" standard adopted in proposed regulations issued under that section in August 1987. From an administrative perspective, we intend to withdraw those portions of the proposed regulations relating to the "historically performed" standard under section 414(n) and to reissue them in substantially modified form in order to achieve much the same objective as the proposal. Future administrative guidance, of course, will be influenced by the proposal now under consideration.

We believe that any new standard adopted by Congress should be clear in its application to specific cases. In this regard, we suggest that detailed examples be provided to demonstrate the intended application of the standard. In particular, it should be made clear that the term "control" in this context is not to be determined by reference to employment tax concepts. Furthermore, control should be determined based on the substance and not merely the form of the arrangement adopted by the parties. The new standard should also be crafted so that it unambiguously covers cases of abuse without at the same time burdening employers with unnecessary testing under the statute. We are willing to work with the Congress to develop the proposal further along the lines we have suggested.

Section 302. Elimination of Half-Year Requirements

Current Law

A number of employee benefit provisions, such as those relating to permissible and required distributions from tax-qualified retirement plans, are based on the attainment of age 59-1/2 or age 70-1/2.

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Proposal

Under the proposal, the half-year requirements would be eliminated so that each reference to age 59-1/2 would become one to age 59 and each reference to age 70-1/2 would become one to age 70.

Administration Position

We do not support this proposal. We do not believe it appreciably simplifies current law.

Section 303. Plans Covering Self-Employed Individuals

Current Law

Special employer aggregation rules apply to certain self-employed owner-employees participating in a tax-qualified retirement plan and controlling more than one business. The control group rules applicable to all employers under section 414 (b) and (c) also apply to businesses controlled by self-employed owner-employees.

Proposal

The proposal would eliminate the special employer aggregation rules for self-employed owner-employees and would leave the generally applicable control group rules in place.

Administration Position

We do not oppose the proposal. The generally applicable control group rules should be sufficient to ensure against possible abuses with respect to plans maintained by businesses controlled by self-employed owner-employees.

Section 304. Full-Funding Limitation of Multiemployer Plans

Current Law

Deductible contributions may not be made to a tax-qualified pension plan that is fully funded. The full funding limitation is defined generally to mean the excess, if any, of the lesser of (i) 150 percent of current liability or (ii) the accrued liability (including normal cost) under the plan over the lesser of (i) the fair market value of the plan's assets or (ii) the value of the plan's assets determined under section 412(c)(2). Valuations of plan assets are required at least annually.

Proposal

Under the proposal, the half-year requirements would be eliminated so that each reference to age 59-1/2 would become one to age 59 and each reference to age 70-1/2 would become one to age 70.

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Proposal

The proposal would eliminate the 150-percent-of-current-liability prong in the calculation of the numerator of the full funding definition with respect to multiemployer plans. The proposal would also require valuations of multiemployer plans only every three years.

Administration Position

We oppose the proposal. It would provide a narrow exception to the generally applicable funding rules for one type of plan.

Section 305. Affiliation Requirements for Employers Jointly Maintaining a Voluntary Employees' Beneficiary Association

Current Law

Under Treasury regulations, a voluntary employees' beneficiary association ("VEBA") is not tax-exempt under section 501(c)(9) of the Code if it benefits employees who do not share an employment-related common bond. An employment-related common bond generally exists only among employees of the same employer (or affiliated employers), employees covered by a collective bargaining agreement, members of a labor union, or employees of unaffiliated employers doing business in the same line of business in the same geographic locale. The IRS has interpreted the same geographic locale requirement as prohibiting a VEBA from covering nonunion employees of unaffiliated employers located in more than one state or metropolitan area. The same geographic locale requirement was held to be invalid by the 7th Circuit in Water Quality Ass'n Employees' Benefit Corp. v. United States, 795 F.2d 1303 (1986).

Proposal

The proposal would exempt VEBAs maintained by unaffiliated employers from the same geographic locale requirement if they (1) are in the same line of business, (2) act jointly to perform tasks which are integral to the activities of each of the employers, and (3) act jointly to such an extent that the joint maintenance of a voluntary employees' beneficiary association is not a major part of the employers' joint activities.

Administration Position

We oppose the proposal. The same geographic locale requirement helps target the tax benefits available under section 501(c)(9) to organizations with the greatest need for support. The VEBA tax exemption was initially intended to benefit associations formed and managed by employees of a single employer or of small local groups of employers, to provide certain welfare bene-

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fits to their members in situations where such benefits would not otherwise have been available. Congress was concerned that such associations might not be viable without a tax exemption. By contrast, larger associations covering employees of unrelated employers in different geographic areas are more likely to be viable even without a tax exemption, and the benefits they provide are more likely to be able to be provided through commercial insurance.

The fact that unaffiliated employers would be required under the proposal to conduct certain joint activities does not address these concerns. Moreover, we are concerned that the nature and required level of joint activities under the proposal is so unclear that the exemption will apply to a large group of employers. This would have serious revenue consequences and, in addition, would undermine those provisions of the Code that prescribe the treatment of insurance companies.

Although we oppose the proposed exemption from the geographic locale requirement for the reasons state above, we understand that the one-state or metropolitan area rule may be too restrictive in states or metropolitan areas with too few employees in the same industry to form an economical multiple-employer VEBA. A better alternative to the proposal in the bill that would be more consistent with the purpose of section 501(c)(9) would be to limit VEBAs to a three-contiguous-state area, or a larger area if the Secretary determined that the employer group in the three-state area was too small to make self-insurance economical.

Section 306. Treatment of Certain Governmental Plans

Current Law

Excess benefit plans of governmental and tax-exempt employers providing benefits for certain employees in excess of the section 415 limitations on benefits and contributions under qualified plans are subject to the provisions of section 457, which include an annual cap on benefits of \$7,500 (or, if less, 33-1/3 percent of compensation).

Benefits payable under qualified defined benefit plans generally are limited to the lesser of \$90,000 (indexed) or 100 percent of compensation. A number of circumstances may give rise to required adjustments to these limitations, including situations where benefits commence before age 62, in the case of a governmental plan, or where there is less than ten years of service or participation in the plan.

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Proposal

The proposal would exempt governmental excess benefit plans from the provisions of section 457. The proposal would also exempt benefits under governmental plans from the 100 percent of compensation limitation. Finally, the proposal would exempt certain survivor and disability benefits under governmental plans from the 100 percent of compensation limitation, from the adjustment for pre-age 62 commencement, and from the participation and service adjustments generally required to be made to the section 415 limitations on benefits. The proposal would be effective for taxable years beginning after 1986.

Administration Position

We oppose the retroactive excess benefit plan proposal. The scope of the proposal is narrowly drafted to cover only excess benefit plans maintained by one limited group of those employers subject to section 457.

We oppose the proposal creating a retroactive exception to the 100 percent of compensation limitation. The proposal would violate the long-standing policy against permitting benefits payable under qualified defined benefit plans to exceed 100 percent of compensation, and does not present an appropriate case for making an exception to that policy.

We also oppose the survivor and disability benefits proposal. The proposal is retroactive and narrowly drafted to apply only to a limited group of employers.

Section 307. Modifications of Simplified Employee Pensions

Current Law

Under current law, an employer may establish a SEP that accepts elective salary reduction contributions. In order for such an arrangement to qualify, the employer generally may have no more than 25 nonexcludible employees, at least 50 percent of all nonexcludible employees must elect to make such contributions, and the deferral percentage of each eligible highly compensated employee must not exceed 125 percent of the average deferral percentage of all eligible nonhighly compensated employees. If an employer maintains a SEP (with or without a salary reduction feature), the plan generally must be provided to all employees who have performed service for the employer in at least 3 out of the last 5 years.

Proposal

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Administration Position

We oppose the retroactive excess benefit plan proposal. The scope of the proposal is narrowly drafted to cover only excess benefit plans maintained by one limited group of those employers subject to section 457.

We oppose the proposal creating a retroactive exception to the 100 percent of compensation limitation. The proposal would violate the long-standing policy against permitting benefits payable under qualified defined benefit plans to exceed 100 percent of compensation, and does not present an appropriate case for making an exception to that policy.

We also oppose the survivor and disability benefits proposal. The proposal is retroactive and narrowly drafted to apply only to a limited group of employers.

Section 307. Modifications of Simplified Employee Pensions

Current Law

Under current law, an employer may establish a SEP that accepts elective salary reduction contributions. In order for such an arrangement to qualify, the employer generally may have no more than 25 nonexcludible employees, at least 50 percent of all nonexcludible employees must elect to make such contributions, and the deferral percentage of each eligible highly compensated employee must not exceed 125 percent of the average deferral percentage of all eligible nonhighly compensated employees. If an employer maintains a SEP (with or without a salary reduction feature), the plan generally must be provided to all employees who have performed service for the employer in at least 3 out of the last 5 years.

Proposal

The proposal would permit employers with up to 100 nonexcludible employees to set up salary reduction SEPs and would eliminate the 50-percent participation requirement. In addition, the proposal would exempt a salary reduction SEP from the otherwise applicable ADP test if a 3-percent nonelective employer contribution were made on behalf of all eligible nonhighly compensated employees. Finally, the proposal generally would require SEPs of all types to cover every employee with at least one year of service with the employer rather than 3 years of service out of the last 5.

Administration Position

We oppose the proposal to increase to 100 the maximum number of nonexcludible employees an employer may have in order to adopt a salary reduction SEP. We believe that the general rules applicable to elective deferrals are more appropriate for larger employers.

We also oppose the proposal to eliminate the 50-percent participation test and the proposal to create an exemption from the ADP test applicable to salary reduction SEPs. Our reasons for so doing are largely the same as those set forth earlier in this statement relating to section 105 of the bill. As a way of simplifying the administration of salary reduction SEPs, consideration could be given to modifying the average deferral percentage test applicable to such plans to operate based on the average deferral percentage for eligible nonhighly compensated employees as of the preceding year (or on a statutorily predetermined percentage for the first plan year of a salary reduction SEP in the case of an employer that has not previously maintained one).

We do not oppose the proposal to expand coverage under SEPs by generally including all employees with at least one year of service.

Section 308. Contributions on Behalf of Disabled Employees

Current Law

An employer may make certain nonforfeitable contributions to a tax qualified defined contribution plan on behalf of any disabled participant who is not highly compensated if an election is made.

Proposal

The proposal would permit nonforfeitable contributions to be made on behalf of highly compensated disabled participants and

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Section 308. Contributions on Behalf of Disabled Employees

Current Law

An employer may make certain nonforfeitable contributions to a tax qualified defined contribution plan on behalf of any disabled participant who is not highly compensated if an election is made.

Proposal

The proposal would permit nonforfeitable contributions to be made on behalf of highly compensated disabled participants and

would waive the election requirement, if contributions were made on behalf of all disabled participants.

Administration Position

We would not oppose the proposal if it were modified to insure that the provision does not operate in a manner that discriminates in favor of highly compensated employees. We are concerned that, as presently drafted, contributions during disability could be provided for under a plan during years when the only disabled participants are highly compensated and such provisions could then be deleted in subsequent years when the only disabled participants were nonhighly compensated.

Section 309. Distributions Under Rural Cooperative Plans

Current Law

Distributions from cash or deferred arrangements may be made upon attainment of age 59-1/2, and distributions from profit-sharing plans may be made in certain events, including attainment of a stated age. Distributions from pension plans (including money purchase pension plans) generally must not commence until retirement.

Proposal

The proposal would permit distributions after attainment of age 59 from a rural cooperative plan which includes a cash or deferred arrangement. Such distributions would not be limited to the cash or deferred portion of the plan. The proposal would be effective as if included in the Technical and Miscellaneous Revenue Act of 1988.

Administration Position

We oppose this proposal because it creates a retroactive special exception for a limited group of tax qualified plans. We believe the current law restrictions on pre-retirement distributions from pension plans are appropriate.

Section 310. Reports of Pension and Annuity Payments

Current Law

Persons maintaining or administering certain tax-favored retirement arrangements are required to file reports in the nature of information returns regarding the arrangements with the IRS and with the participants, owners, or beneficiaries under the arrangements. Under current law, failure to file the reports is

would waive the election requirement, if contributions were made on behalf of all disabled participants.

Administration Position

We would not oppose the proposal if it were modified to insure that the provision does not operate in a manner that discriminates in favor of highly compensated employees. We are concerned that, as presently drafted, contributions during disability could be provided for under a plan during years when the only disabled participants are highly compensated and such provisions could then be deleted in subsequent years when the only disabled participants were nonhighly compensated.

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subject to specific penalties rather than the generally applicable penalty for failure to file information returns.

Proposal

Under the proposal, failure to file reports regarding tax-favored retirement arrangements that are in the nature of information reports would be subject to the generally applicable penalty for failure to file information returns.

Administration Position

We do not oppose the proposal.

S. 2902

"Church Retirement Benefits Simplification Act of 1990"

Current Law

Church retirement and welfare benefit plans are subject to a number of special rules that are generally easier to satisfy than comparable rules applicable to plans maintained by other private employers. In some cases, church plans are exempt from those rules altogether.

For example, qualified church retirement plans are generally subject to pre-ERISA rather than current-law participation, coverage, vesting and funding requirements. They are also exempt from the accrual requirements, qualified joint and survivor annuity and qualified pre-retirement survivor annuity requirements, anti-alienation requirements, and a number of other requirements applicable to most qualified plans.

Similarly, church tax-sheltered annuities are exempt from all of the coverage, nondiscrimination and related requirements generally applicable to such annuities, and the limitations applicable to contributions under such annuities are higher than for comparable plans maintained by many other tax-exempt organizations. Church nonqualified deferred compensation plans are exempt from the deferral limits and other qualification requirements of section 457 of the Code. Finally, church group-term life insurance plans are exempt from the nondiscrimination requirements generally applicable to such plans.

The definition of a church for purposes of these and other special rules varies, depending on the particular rule involved. For purposes of the special rules applicable to church qualified retirement plans, churches generally include churches and conventions or associations of churches, as well as certain organizations controlled by or associated with churches. The definition

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Proposal

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is generally the same for purposes of the rules applicable to church group-term life insurance plans, except that church universities, colleges, hospitals, and organizations whose basis for exemption is similar to that for church hospitals are excluded. The definition is significantly narrower, however, for purposes of the special rules applicable to tax-sheltered annuities and nonqualified deferred compensation plans, generally covering only churches and conventions or associations of churches, and certain qualified church-controlled organizations ("QCCOs") that do not derive a significant part of their income from the government or commercial activities.

Proposal

The proposal would change current law in three significant respects. First, it would consolidate the rules applicable to qualified church retirement plans in one new section of the Code. Second, it would eliminate differences among the definitions of churches for purposes of these and other special rules by generally adopting the definition used for purposes of group-term life insurance under current law. Finally, it would add a number of new special rules for church plans, as so defined, to the Code.

The proposed rules would exempt church plans from the trust requirement generally applicable to qualified retirement plans, and exempt qualified church retirement plans, tax-sheltered annuities, and self-insured medical plans from the nondiscrimination requirements applicable to such plans under current law. They would also narrow the definition of highly compensated employee for purposes of qualified church retirement plans (in some cases eliminating the one-highly compensated employee minimum under current law), eliminate ministers from consideration in testing retirement and welfare plans (including non-church plans) for compliance with applicable minimum coverage, nondiscrimination and similar rules, exempt church plans from the minimum participation requirements of section 401(a)(26), modify the vesting and coverage rules applicable to tax-sheltered annuities, limit the application of the aggregation rules to church organizations, and allow qualified voluntary employee contributions ("QVECs") for church plans.

Many of the changes discussed above would apply retroactively with respect to violations of the requirements of sections 401(a) and 403(b) and other rules for years beginning before January 1, 1990.

The proposal would also make a number of technical changes largely designed to clarify current law or make it easier to apply. These changes would include rules clarifying the ability of self-employed ministers to participate in church plans, and addressing a number of other issues.

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The proposal would also make a number of technical changes largely designed to clarify current law or make it easier to apply. These changes would include rules clarifying the ability of self-employed ministers to participate in church plans, and addressing a number of other issues.

Administration Position

The Administration opposes the proposal, except for certain technical changes that clarify current law or make it simpler to apply to church plans. Specifically,

1. We believe the proposed exemption from the trust and nondiscrimination requirements for most qualified church retirement plans and tax-sheltered annuities is not justified by differences in church organizational structures or polity, or other unique attributes of churches or church plans. Church employees are entitled to the same safeguards as employees of other organizations, regardless of their employer's internal administration. We have similar reservations about most of the the other new special rules for church plans in the proposal. The proposed amnesty for such plans for plan years beginning prior to January 1, 1990, is contrary to our general policy against retroactive relief from prior compliance obligations.
2. We oppose the extension of the special rules currently applicable only to QCCOs to all church-controlled or affiliated organizations (other than hospitals and universities) to which the special qualified church retirement plan rules now apply, because it is inappropriate to provide special treatment reserved generally for churches to organizations that function more as secular charities or commercial enterprises. We are, however, sensitive to problems that exist in applying the QCCO definition, particularly the source-of-income rules, and would be willing to work with the staff to develop a simplified definition.
3. We oppose the consolidation of the special rules applicable to qualified church retirement plans in one section of the Code. We believe that the current statutory approach of exempting church plans from certain provisions that are difficult to apply or inappropriate in the church plan context is the right approach, because it applies to the extent possible the same retirement policy for all employers and employees, and does not tend to perpetuate and enhance differences between the treatment of church and other plans.
4. Some of the technical items in the proposal, e.g., the clarification of the ability of self-employed ministers to participate in a church plan, and the rules dealing with asset pooling and self-annuitization, have the potential for clarifying or simplifying the application of certain provisions applicable to church plans, and we are willing to work with the staff to develop these more fully.

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CONCLUSION

We welcome the opportunity to work with the Subcommittee to achieve meaningful simplification of the employee benefit provisions of the Code. S. 2901 contains a number of provisions which merit careful consideration in achieving this goal. I must end where I began, however--the Administration's final judgment on these proposals must be postponed until the revenue effects of the proposal are evaluated in the context of a final legislative package.

CONCLUSION

We welcome the opportunity to work with the Subcommittee to achieve meaningful simplification of the employee benefit provisions of the Code. S. 2901 contains a number of provisions which merit careful consideration in achieving this goal. I must end where I began, however--the Administration's final judgment on these proposals must be postponed until the revenue effects of the proposal are evaluated in the context of a final legislative package.

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

FOR IMMEDIATE RELEASE
August 6, 1990

CONTACT: Art Siddon
202/566-5252

TREASURY AUGUST QUARTERLY FINANCING SCHEDULE

The Treasury announced that Congressional action to increase the debt limit permits the Treasury to proceed with the auctions of 3-year notes on August 7, 10-year notes on August 8, and 30-year bonds and 36-day cash management bills on August 9. All of these issues will settle on August 15, 1990.

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DEPT. OF THE TREASURY

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

FOR IMMEDIATE RELEASE
August 3, 1990

Contact: Barbara Clay, 566-2041
Cheryl Crispen, 566-5252

THE TREASURY DEPARTMENT TODAY ANNOUNCED THE FOLLOWING ACTIONS:

1. OIL CONTRACTS ENTERED INTO PRIOR TO AUGUST 2, 1990, AND ENROUTE TO THE UNITED STATES

Importation of Iraqi and Kuwaiti oil will be permitted where (1) the oil was loaded prior to the effective date (5:01 a.m. Eastern Daylight Time (EDT), August 2, 1990), was intended for ultimate delivery to the United States, and was imported into the United States before 11:59 p.m. EDT, October 1, 1990; (2) the Bill of Lading was issued prior to the effective date; (3) any balance not yet paid to Iraq or Kuwait for the shipment must be paid into a blocked account in the United States; and (4) such transaction is reported to the Blocked Assets Section, Office of Foreign Assets Control.

2. TRANSACTIONS OF KUWAITI-CONTROLLED U.S. FIRMS

A general license will be issued authorizing U.S. financial institutions to accept deposits and clear checks written on the blocked accounts of Kuwaiti-controlled firms in the United States, and in general to operate such firms' blocked bank accounts, provided that no benefit to the Government of Iraq arises from transactions in the blocked accounts. In order to utilize the general license, Kuwaiti-controlled firms will be required to register with the Office of Foreign Assets Control's Blocked Assets Section. Financial institutions holding such firms' accounts will be required to verify that registration had occurred. This will facilitate the normal day-to-day financial functions of Kuwaiti firms in the United States and permit payment of employees and creditors and the purchase of goods and services in the ordinary course of the firms' business.

NB-909

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

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NB-909

3. REINVESTMENT AUTHORITY

In the management of portfolio investments and securities blocked pursuant to Executive Order 12723 representing interests of the Government of Kuwait, bank and investment companies will be authorized to manage such blocked property and to reinvest the proceeds of such property in assets subject to the jurisdiction in the United States, provided that no investment results in an otherwise prohibited transfer of financial or economic benefit to the Government of Iraq. Prior to engaging in any transaction pursuant to this general license, the U.S. person must register with the Blocked Assets Section, Office of Foreign Assets Control, and provide regular reports as directed concerning such transactions.

4. COMPLETION OF FOREIGN EXCHANGE CONTRACTS

Foreign exchange contracts entered into for the account of the Government of Kuwait prior to 5:00 a.m. EDT, August 2, 1990, may be completed, provided: (1) all exchange transactions are completed prior to August 16, 1990; (2) funds are received in the U.S. prior to payment; and (3) all payments received for the account of the Government of Kuwait go into a blocked account.

The Treasury Department expects to issue regulations shortly.

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The Treasury Department expects to issue regulations shortly.

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR RELEASE AT 3:00 PM
August 6, 1990

Contact: Peter Hollenbach
(202) 376-4302

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR JULY 1990

Treasury's Bureau of the Public Debt announced activity figures for the month of July 1990, of securities within the Separate Trading of Registered Interest and Principal of Securities program, (STRIPS).

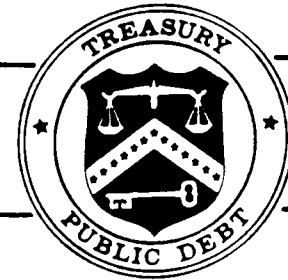
Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	\$429,520,696
Held in Unstripped Form	\$325,342,356
Held in Stripped Form	\$104,178,340
Reconstituted in July	\$3,461,640

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subsequent revision. These monthly figures are included in Table VI of the Monthly Statement of the Public Debt, entitled "Holdings of Treasury Securities in Stripped Form." These can also be obtained through a recorded message on (202) 447-9873.

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PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR RELEASE AT 3:00 PM
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TABEL VI - HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, JULY 31, 1990
(IN THOUSANDS)

LOAN DESCRIPTION	MATURITY DATE	PRINCIPAL AMOUNT OUTSTANDING			
		TOTAL	PORTION HELD IN UNSTRIPPED FORM	PORTION HELD IN STRIPPED FORM	RECONSTITUTED THIS MONTH 1
11-5/8% NOTE C-1994	11/15/94	\$6,658,554	\$5,389,754	\$1,268,800	\$206,400
11-1/4% NOTE A-1995	2/15/95	6,933,861	6,425,381	508,480	8,000
11-1/4% NOTE B-1995	5/15/95	7,127,086	5,499,566	1,627,520	80,000
10-1/2% NOTE C-1995	8/15/95	7,955,901	7,325,901	630,000	20,000
9-1/2% NOTE D-1995	11/15/95	7,318,550	6,476,150	842,400	0
8-7/8% NOTE A-1996	2/15/96	8,575,199	8,322,399	252,800	0
7-3/8% NOTE C-1996	5/15/96	20,085,643	19,864,843	220,800	0
7-1/4% NOTE D-1996	11/15/96	20,258,810	19,958,810	300,000	0
8-1/2% NOTE A-1997	5/15/97	9,921,237	9,849,637	71,600	0
8-5/8% NOTE B-1997	8/15/97	9,362,836	9,362,836	0	0
8-7/8% NOTE C-1997	11/15/97	9,808,329	9,792,329	16,000	0
8-1/8% NOTE A-1998	2/15/98	9,159,068	9,158,428	640	0
9% NOTE B-1998	5/15/98	9,165,387	9,135,387	30,000	0
9-1/4% NOTE C-1998	8/15/98	11,342,646	11,214,646	128,000	0
8-7/8% NOTE D-1998	11/15/98	9,902,875	9,896,475	6,400	0
8-7/8% NOTE A-1999	2/15/99	9,719,628	9,716,428	3,200	0
9-1/8% NOTE B-1999	5/15/99	10,047,103	9,178,303	868,800	0
8% NOTE C-1999	8/15/99	10,163,644	10,081,644	82,000	0
7-7/8% NOTE D-1999	11/15/99	10,773,960	10,769,160	4,800	0
8-1/2% NOTE A-2000	2/15/00	10,673,033	10,673,033	0	0
8-7/8% NOTE B-2000	5/15/00	10,496,230	10,496,230	0	0
11-5/8% BOND 2004	11/15/04	8,301,806	3,669,806	4,632,000	40,000
12% BOND 2005	5/15/05	4,260,758	1,830,058	2,430,700	0
10-3/4% BOND 2005	8/15/05	9,269,713	8,424,913	844,800	131,200
9-3/8% BOND 2006	2/15/06	4,755,916	4,755,916	0	0
11-3/4% BOND 2009-14	11/15/14	6,005,584	1,779,184	4,226,400	92,800
11-1/4% BOND 2015	2/15/15	12,667,799	2,496,439	10,171,360	216,640
10-5/8% BOND 2015	8/15/15	7,149,916	2,075,996	5,073,920	78,720
9-7/8% BOND 2015	11/15/15	6,899,859	2,016,659	4,883,200	0
9-1/4% BOND 2016	2/15/16	7,266,854	6,142,054	1,124,800	20,800
7-1/4% BOND 2016	5/15/16	18,823,551	17,007,551	1,816,000	37,600
7-1/2% BOND 2016	11/15/16	18,864,448	12,206,768	6,657,680	845,600
8-3/4% BOND 2017	5/15/17	18,194,169	6,563,929	11,630,240	27,200
8-7/8% BOND 2017	8/15/17	14,016,858	9,034,458	4,982,400	56,000
9-1/8% BOND 2018	5/15/18	8,708,639	3,435,039	5,273,600	73,600
9% BOND 2018	11/15/18	9,032,870	1,670,270	7,362,600	76,600
8-7/8% BOND 2019	2/15/19	19,250,793	5,994,793	13,256,000	382,400
8-1/8% BOND 2019	8/15/19	20,213,832	12,289,672	7,924,160	462,080
8-1/2% BOND 2020	2/15/20	10,228,868	5,549,668	4,679,200	606,000
8-3/4% BOND 2020	5/15/20	10,158,883	9,811,843	347,040	0
TOTAL		429,520,696	325,342,356	104,178,340	3,461,640

1 Effective May 1, 1987, securities held in stripped form were eligible for reconstitution to their unstripped form.

Note: On the 4th workday of each month a recording of Table VI will be available after 3:00 pm. The telephone number is (202) 447-9873. The balances in this table are subject to audit and subsequent adjustments.

TABEL VI - HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, JULY 31, 1990
(IN THOUSANDS)

LOAN DESCRIPTION	MATURITY DATE	PRINCIPAL AMOUNT OUTSTANDING			
		TOTAL	PORTION HELD IN UNSTRIPPED FORM	PORTION HELD IN STRIPPED FORM	RECONSTITUTED THIS MONTH 1
11-5/8% NOTE C-1994	11/15/94	\$6,658,554	\$5,389,754	\$1,268,800	\$206,400
11-1/4% NOTE A-1995	2/15/95	6,933,861	6,425,381	508,480	8,000
11-1/4% NOTE B-1995	5/15/95	7,127,086	5,499,566	1,627,520	80,000
10-1/2% NOTE C-1995	8/15/95	7,955,901	7,325,901	630,000	20,000
9-1/2% NOTE D-1995	11/15/95	7,318,550	6,476,150	842,400	0
8-7/8% NOTE A-1996	2/15/96	8,575,199	8,322,399	252,800	0
7-3/8% NOTE C-1996	5/15/96	20,085,643	19,864,843	220,800	0
7-1/4% NOTE D-1996	11/15/96	20,258,810	19,958,810	300,000	0
8-1/2% NOTE A-1997	5/15/97	9,921,237	9,849,637	71,600	0
8-5/8% NOTE B-1997	8/15/97	9,362,836	9,362,836	0	0
8-7/8% NOTE C-1997	11/15/97	9,808,329	9,792,329	16,000	0
8-1/8% NOTE A-1998	2/15/98	9,159,068	9,158,428	640	0
9% NOTE B-1998	5/15/98	9,165,387	9,135,387	30,000	0
9-1/4% NOTE C-1998	8/15/98	11,342,646	11,214,646	128,000	0
8-7/8% NOTE D-1998	11/15/98	9,902,875	9,896,475	6,400	0
8-7/8% NOTE A-1999	2/15/99	9,719,628	9,716,428	3,200	0
9-1/8% NOTE B-1999	5/15/99	10,047,103	9,178,303	868,800	0
8% NOTE C-1999	8/15/99	10,163,644	10,081,644	82,000	0
7-7/8% NOTE D-1999	11/15/99	10,773,960	10,769,160	4,800	0
8-1/2% NOTE A-2000	2/15/00	10,673,033	10,673,033	0	0
8-7/8% NOTE B-2000	5/15/00	10,496,230	10,496,230	0	0
11-5/8% BOND 2004	11/15/04	8,301,806	3,669,806	4,632,000	40,000
12% BOND 2005	5/15/05	4,260,758	1,830,058	2,430,700	0
10-3/4% BOND 2005	8/15/05	9,269,713	8,424,913	844,800	131,200
9-3/8% BOND 2006	2/15/06	4,755,916	4,755,916	0	0
11-3/4% BOND 2009-14	11/15/14	6,005,584	1,779,184	4,226,400	92,800
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

CONTACT: Office of Financing
202/376-4350

FOR IMMEDIATE RELEASE
August 6, 1990

RESULTS OF TREASURY'S WEEKLY BILL AUCTIONS

Tenders for \$9,212 million of 13-week bills and for \$9,204 million of 26-week bills, both to be issued on August 9, 1990 were accepted today.

RANGE OF ACCEPTED COMPETITIVE BIDS:	13-week bills			:	26-week bills		
	maturing November 8, 1990			:	maturing February 7, 1991		
	Discount	Investment		:	Discount	Investment	
	Rate	Rate 1/	Price	:	Rate	Rate 1/	Price
Low	7.21%	7.45%	98.177	:	7.16% ^{a/}	7.53%	96.380
High	7.24%	7.48%	98.170	:	7.21%	7.59%	96.355
Average	7.23%	7.47%	98.172	:	7.19%	7.56%	96.365

^{a/} Excepting \$690,000 at lower yields.

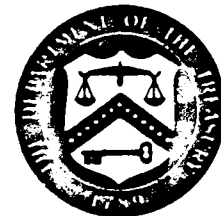
Tenders at the high discount rate for the 13-week bills were allotted 16%.
Tenders at the high discount rate for the 26-week bills were allotted 44%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

Location	Received	Accepted	:	Received	Accepted
Boston	\$ 50,375	\$ 50,375	:	\$ 34,920	\$ 34,920
New York	24,296,560	7,705,760	:	17,982,105	7,533,105
Philadelphia	21,880	21,880	:	16,150	16,150
Cleveland	51,400	51,400	:	42,320	42,320
Richmond	65,075	63,395	:	51,555	51,555
Atlanta	35,905	35,065	:	30,405	30,405
Chicago	1,615,295	84,895	:	1,902,235	477,235
St. Louis	23,325	19,645	:	23,810	23,810
Minneapolis	9,695	9,695	:	21,065	21,065
Kansas City	44,330	44,330	:	55,715	55,715
Dallas	35,060	25,860	:	29,390	26,590
San Francisco	948,960	395,960	:	744,535	191,535
Treasury	703,370	703,370	:	699,465	699,465
TOTALS	\$27,901,230	\$9,211,630	:	\$21,633,670	\$9,203,870
Type					
Competitive	\$23,917,650	\$5,228,050	:	\$17,457,170	\$5,027,370
Noncompetitive	1,604,465	1,604,465	:	1,400,300	1,400,300
Subtotal, Public	\$25,522,115	\$6,832,515	:	\$18,857,470	\$6,427,670
Federal Reserve	2,222,315	2,222,315	:	2,300,000	2,300,000
Foreign Official Institutions	156,800	156,800	:	476,200	476,200
TOTALS	\$27,901,230	\$9,211,630	:	\$21,633,670	\$9,203,870

^{1/} Equivalent coupon-issue yield.

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

CONTACT: Office of Financing
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FOR IMMEDIATE RELEASE

August 6, 1990

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	Discount	Investment		:	Discount	Investment	
	Rate	Rate 1/	Price	:	Rate	Rate 1/	Price
Low	7.21%	7.45%	98.177	:	7.16% ^{a/}	7.53%	96.380
High	7.24%	7.48%	98.170	:	7.21%	7.59%	96.355
Average	7.23%	7.47%	98.172	:	7.19%	7.56%	96.365

^{a/} Excepting \$690,000 at lower yields.

Tenders at the high discount rate for the 13-week bills were allotted 16%.
Tenders at the high discount rate for the 26-week bills were allotted 44%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>	:	<u>Received</u>	<u>Accepted</u>
Boston	\$ 50,375	\$ 50,375	:	\$ 34,920	\$ 34,920
New York	24,296,560	7,705,760	:	17,982,105	7,533,105
Philadelphia	21,880	21,880	:	16,150	16,150
Cleveland	51,400	51,400	:	42,320	42,320
Richmond	65,075	63,395	:	51,555	51,555
Atlanta	35,905	35,065	:	30,405	30,405
Chicago	1,615,295	84,895	:	1,902,235	477,235
St. Louis	23,325	19,645	:	23,810	23,810
Minneapolis	9,695	9,695	:	21,065	21,065
Kansas City	44,330	44,330	:	55,715	55,715
Dallas	35,060	25,860	:	29,390	26,590
San Francisco	948,960	395,960	:	744,535	191,535
Treasury	703,370	703,370	:	699,465	699,465
TOTALS	\$27,901,230	\$9,211,630	:	\$21,633,670	\$9,203,870
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE OF THE TREASURY
August 7, 1990

CONTACT: Office of Financing
202/376-4350

RESULTS OF AUCTION OF 3-YEAR NOTES

The Department of the Treasury has accepted \$11,533 million of \$27,514 million of tenders received from the public for the 3-year notes, Series U-1993, auctioned today. The notes will be issued August 15, 1990, and mature August 15, 1993.

The interest rate on the notes will be 8%. The range of accepted competitive bids, and the corresponding prices at the 8% rate are as follows:

	<u>Yield</u>	<u>Price</u>
Low	8.08%*	99.791
High	8.10%	99.738
Average	8.10%	99.738

* Excepting \$5,000 at lower yields.
Tenders at the high yield were allotted 94%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ 30,080	\$ 30,080
New York	25,253,920	10,527,780
Philadelphia	22,230	22,230
Cleveland	49,995	49,995
Richmond	108,505	84,285
Atlanta	34,010	33,710
Chicago	1,191,375	380,715
St. Louis	55,730	47,730
Minneapolis	33,065	33,065
Kansas City	89,935	89,935
Dallas	17,995	16,935
San Francisco	542,780	132,200
Treasury	84,720	84,720
Totals	<u>\$27,514,340</u>	<u>\$11,533,380</u>

The \$11,533 million of accepted tenders includes \$973 million of noncompetitive tenders and \$10,560 million of competitive tenders from the public.

In addition to the \$11,533 million of tenders accepted in the auction process, \$1,385 million of tenders was awarded at the average price to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$2,518 million of tenders was also accepted at the average price from Federal Reserve Banks for their own account in exchange for maturing securities.

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE OF THE TREASURY
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DEPT. OF THE TREASURY

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2000

DEPT. OF THE TREASURY

CONTACT: Office of Financing
202/376-4350

FOR RELEASE AT 4:00 P.M.
August 7, 1990

TREASURY'S WEEKLY BILL OFFERING

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills totaling approximately \$18,400 million, to be issued August 16, 1990. This offering will provide about \$2,250 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of \$16,139 million. Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. 20239, prior to 1:00 p.m., Eastern Daylight Saving time, Monday, August 13, 1990. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$9,200 million, representing an additional amount of bills dated May 17, 1990, and to mature November 15, 1990 (CUSIP No. 912794 VJ 0), currently outstanding in the amount of \$8,463 million, the additional and original bills to be freely interchangeable.

182-day bills (to maturity date) for approximately \$9,200 million, representing an additional amount of bills dated February 15, 1990, and to mature February 14, 1991 (CUSIP No. 912794 VV 3), currently outstanding in the amount of \$9,594 million, the additional and original bills to be freely interchangeable.

The bills will be issued on a discount basis under competitive and noncompetitive bidding, and at maturity their par amount will be payable without interest. Both series of bills will be issued entirely in book-entry form in a minimum amount of \$10,000 and in any higher \$5,000 multiple, on the records either of the Federal Reserve Banks and Branches, or of the Department of the Treasury.

The bills will be issued for cash and in exchange for Treasury bills maturing August 16, 1990. Tenders from Federal Reserve Banks for their own account and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rates of accepted competitive tenders. Additional amounts of the bills may be issued to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing bills held by them. Federal Reserve Banks currently hold \$632 million as agents for foreign and international monetary authorities, and \$4,733 million for their own account. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 5176-1 (for 13-week series) or Form PD 5176-2 (for 26-week series).

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

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Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities may submit tenders for account of customers, if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held as of one-half hour prior to the closing time for receipt of tenders on the day of the auction. Such positions would include bills acquired through "when issued" trading, and futures and forward transactions as well as holdings of outstanding bills with the same maturity date as the new offering, e.g., bills with three months to maturity previously offered as six-month bills. Dealers, who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities, when submitting tenders for customers, must submit a separate tender for each customer whose net long position in the bill being offered exceeds \$200 million.

A noncompetitive bidder may not have entered into an agreement, nor make an agreement to purchase or sell or otherwise dispose of any noncompetitive awards of this issue being auctioned prior to the designated closing time for receipt of tenders.

Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made on all accepted tenders for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities may submit tenders for account of customers, if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held as of one-half hour prior to the closing time for receipt of tenders on the day of the auction. Such positions would include bills acquired through "when issued" trading, and futures and forward transactions as well as holdings of outstanding bills with the same maturity date as the new offering, e.g., bills with three months to maturity previously offered as six-month bills. Dealers, who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities, when submitting tenders for customers, must submit a separate tender for each customer whose net long position in the bill being offered exceeds \$200 million.

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Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made on all accepted tenders for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Competitive bidders will be advised of the acceptance or rejection of their tenders. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and the Secretary's action shall be final. Subject to these reservations, noncompetitive tenders for each issue for \$1,000,000 or less without stated yield from any one bidder will be accepted in full at the weighted average bank discount rate (in two decimals) of accepted competitive bids for the respective issues. The calculation of purchase prices for accepted bids will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final.

Settlement for accepted tenders for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches must be made or completed at the Federal Reserve Bank or Branch on the issue date, in cash or other immediately-available funds or in Treasury bills maturing on that date. Cash adjustments will be made for differences between the par value of the maturing bills accepted in exchange and the issue price of the new bills.

If a bill is purchased at issue, and is held to maturity, the amount of discount is reportable as ordinary income on the Federal income tax return of the owner for the year in which the bill matures. Accrual-basis taxpayers, banks, and other persons designated in section 1281 of the Internal Revenue Code must include in income the portion of the discount for the period during the taxable year such holder held the bill. If the bill is sold or otherwise disposed of before maturity, any gain in excess of the basis is treated as ordinary income.

Department of the Treasury Circulars, Public Debt Series - Nos. 26-76, 27-76, and 2-86, as applicable, Treasury's single bidder guidelines, and this notice prescribe the terms of these Treasury bills and govern the conditions of their issue. Copies of the circulars, guidelines, and tender forms may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt.

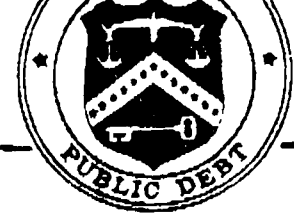
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PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
August 8, 1990

CONTACT: Office of Financing
(202) 376-4350

TREASURY TO ISSUE RESULTS OF TODAY'S 10-YEAR NOTE AND 30-YEAR BOND AUCTIONS BY 2:30 P.M.

The Treasury has announced that in its continuing effort to release results of auctions more quickly, it intends to publish the auction results for long-term securities by 2:30 p.m., EDST. This 2:30 p.m. release time will begin with today's 10-year note auction and continue with tomorrow's 30-year bond offering.

At this time, the 2:30 p.m. release will only apply to 10-year notes and 30-year bonds. The Treasury is continuing to examine methods to release all auction results earlier.

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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-204

DEPT. OF THE TREASURY

Embargoed Until 1:00 p.m.
August 8, 1990

Remarks by
Secretary of the Treasury
Nicholas F. Brady
at the
National Press Club

One year ago tomorrow, President Bush signed legislation providing funds to protect insured depositors in insolvent savings and loans and setting tough new rules to ensure safety and soundness in the thrift industry. The enactment of the depositor rescue bill culminated seven-and-a-half months of work by the Congress based on a plan submitted by the President just 18 days after his inauguration.

Now, one year later, the job is getting done. But make no mistake: The problem is immense and the solution is not painless. A problem that was decades in the making cannot be eradicated in one year. But there is tangible progress to report.

However, it's evident to even the most casual observer that the S&L issue has become highly politicized. The staggering size of the cost estimates understandably alarms taxpayers and frightens politicians into finger-pointing and blame-avoiding. The line in the political world goes, "Since I don't make mistakes, someone else must be making them."

But we in the Administration cannot afford that luxury. Our job is to conduct the massive cleanup operation effectively and responsibly, to rise above the political blame-game, and to work steadily and professionally and get the job done. This is what the taxpayers expect, and it is what they deserve. A thousand words of political sophistry will not get the job done; only hard work applied with sound principles will do so. At any rate, that is exactly what we are doing.

In all the political turmoil that surrounds the S&L cleanup, we must not lose sight of the person whose investment we are protecting: the average American saver who put his savings in an S&L -- a wage earner or a retired person with perhaps just a few thousand dollars -- someone who would have no way of recovering from the loss if his or her thrift institution went broke. But the truth of the matter is S&Ls did go broke. Millions of

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Department of the Treasury • Washington, D.C. • Telephone 566-2041

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depositors stood to lose their money, but federal deposit insurance made sure they got their money back. It is for these savers that the government has insisted that this problem, no matter how unpleasant, must be faced, not swept under the rug.

Let me say again, the President presented legislation 18 days after inauguration: No obfuscation, no caving in to industry pressure. He presented the straight story, governed by four principles:

- o First, make sure that the millions of men and women who put their savings into insured thrifts get their money back. No TV shots of people sleeping on cots overnight outside of defunct thrifts, begging to get back their money which should be returned quickly and with a smile.
- o Second, restore safety and soundness to the thrift industry through tougher regulations. Make the entrepreneurs put up real money, so that if there are future losses, they, the owners, lose money long before the taxpayers. This is key. It has and it will change the mindset of S&L management as it operates in the future.
- o Third, close down and sell insolvent thrifts swiftly and efficiently so that taxpayer costs are minimized. No explanation needed here. Don't waste time on the blame game: Just do it.
- o And fourth, aggressively prosecute the criminals and fraudulent operators who stole the taxpayers' money. Hard time for hardened criminals.

These principles were established as a result of a detailed study made in late 1988. It took several months of pick and shovel work to understand how these massive losses were incurred. Our belief was that the facts would lead us to the solution. They did. And the President's legislative proposal in February 1989 put these issues squarely before the Congress.

Perhaps a short history of the industry's problems would be helpful. The early S&L charters restricted activities to fixed-rate, long-term mortgage loans and the acceptance of short-term deposits. This meant that whenever market interest rates rose, thrift institutions had to pay higher interest on their deposits than they received on average from their loans.

The Congress attempted to correct this problem in 1966 by placing a ceiling on the interest rates that banks and thrifts could pay. But in the late 1970s, when inflation and interest rates soared, depositors pulled their money out of banks and

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thrifts in favor of investments paying higher market interest rates. Portfolio values declined, operating losses mounted, and a substantial portion of the industry became insolvent.

In 1980, Congress passed and President Carter signed legislation phasing out deposit interest rate ceilings, increasing deposit insurance from \$40,000 to \$100,000, expanding the ability of thrifts to move away from home mortgages and engage in commercial lending, and lowering capital requirements for thrifts. Thrift regulators built on these congressional actions by allowing brokered deposits and loosening other restrictions on thrift operations, hoping thrifts could attract more deposits, make high-return loans, and thereby grow out of their problems.

In 1982, Congress passed legislation further expanding the ability of thrifts to make commercial loans, and at the same time several states broadly expanded the permitted activities of state-chartered thrifts that were supervised primarily by state regulators but were eligible for federal deposit insurance. Attempts by federal regulators to curb abuses by state-chartered savings associations were discouraged by Congress.

The combination of higher federal deposit insurance protection and brokered deposits did in fact give thrifts increased access to a large pool of funds. However, the broader authority for thrift lending encouraged riskier investments. Many thrift operators schooled in handling home mortgages were ill-equipped to engage in the new job of complex commercial transactions. In addition, the cut in capital requirements for operators reduced the entrance fee, opening the way for shoe-string characters who stepped in to exploit the situation for personal gain. With low capital requirements and federal insurance, thrift operators were effectively granted a license to gamble with the taxpayers' money. Heads they win; tails the government loses.

In 1984, the task force on financial regulation headed by Vice President Bush recommended higher capital standards for S&Ls which made risky loans and the elimination of misleading accounting standards. These principles were later incorporated in the FIRREA legislation.

Finally, sharp declines in oil prices and weakness in the agricultural sector contributed to devastating economic declines in the southwest and other regions. Real estate values in those areas headed downward. Large numbers of thrifts that had invested in commercial real estate and other ventures became insolvent -- particularly in the states where state thrift charters were most lax. Federal deposit insurance was required to back inadequately regulated state thrifts, and the merry-go-'round was on its way.

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When the FSLIC insurance fund ran low because of numerous thrift failures, the Reagan Administration requested \$15 billion to recapitalize it in 1986. The House at first voted only \$5 billion before finally agreeing in conference with the Senate, 18 months later and after a threatened veto, to authorize \$10 billion -- one-third less than requested. Congress also added "forbearance" provisions sought by the thrift industry which forced regulators to allow thrifts to stay open without adequate capital. The condition of the thrift industry continued to worsen.

Faced with failing thrifts and no cash, FSLIC sold a large number of insolvent institutions in 1988 by granting terms because of the lack of funds. These deals, which are currently being reviewed by the RTC, added onto taxpayers additional future obligations.

As President Bush took office, it was apparent that we faced a worsening situation. Hundreds of thrifts had made high-risk loans backed by taxpayer guarantees but little of their own capital. When those loans went bad, the thrifts failed. Mismanagement, fraud and criminal activity exacerbated the problem in many institutions. The inadequately recapitalized FSLIC fund did not have sufficient funds to handle the crisis.

Certain principles can be drawn from this history, and these were incorporated into President Bush's proposal and the FIRREA legislation.

First, the government's deposit insurance guarantee must be honored, whatever the cost. Based on the best information available from the FDIC, GAO, and Federal Home Loan Bank Board, the size of the problem was projected to be \$40 billion to cover deals, the 1988 FSLIC, \$50 billion to resolve then-insolvent institutions over the ensuing three years and another \$23 billion (in present value terms) to fund future thrift failures through 1999.

A year after FIRREA, the government's promise to depositors is rock-solid. The government has paid out \$62.8 billion to protect 6,400,000 accounts -- an average of less than \$10,000 per deposit. Not one single American who trusted in the government's promise to protect his savings has seen that promise violated. To this day, each and every deposit of up to \$100,000 in a federally insured institution remains totally safe -- fully backed by the absolute guarantee of the federal government.

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However, as the RTC has gained specific experience, Chairman Seidman has indicated that the costs will be higher than originally estimated. The value of the assets held by insolvent thrifts turned out to be lower than anticipated, and as everyone in this room knows, the real estate markets continued to worsen.

Based on the RTC's actual results and the current state of the real estate markets, I presented to Congress a new range for the total cost of the RTC cleanup: \$90 to \$130 billion in present value terms. These figures include the \$73 billion already authorized by Congress, but not the cost of the 1988 FSLIC deals.

A word of warning as we go forward: No one can be precise about the exact cost of the cleanup. It depends almost entirely on the state of the real estate market at the time the RTC sells the assets it has taken over.

Where is all the taxpayer's money going? It's being used to pay off depositors whose money was lost or stolen by thrift operators who made unwise investments or engaged in fraudulent deals. Clearly, the conditions that allowed this to occur had to be rectified.

That, in fact, was the second principle advanced by the President: To ensure the safety and soundness of the industry, thrift operators must be required to place their own money at risk ahead of the taxpayers', and regulators must be given a stronger hand.

Specifically, the Administration recommended that thrifts be required to meet much tougher capital and accounting standards. Only truly sound institutions should be permitted to continue operating with the federal deposit insurance guarantee.

Following intense debate in Congress over capital standards, the thrift industry position was narrowly defeated and the Administration's tough capital and accounting standards were adopted in FIRREA.

The new law also requires thrifts to maintain 70 percent of their assets in residential real estate and restricts risky investments. Junk bonds, for example, are prohibited and brokered deposits are not permitted for undercapitalized thrifts. Direct real estate or equity investment must be backed by 100 percent capital. And state-chartered thrifts that do not meet these federal requirements can be denied federal deposit insurance.

The practices which led to the thrift disaster have been largely eliminated and the new Office of Thrift Supervision in the Treasury Department has entered into binding agreements with 220 thrifts terminating unsafe and unsound practices. We are

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also nearing the final stages of an 18-month effort to assess the overall competitiveness of our financial services system within the context of the deposit insurance study mandated by FIRREA.

The third principle that guided the Administration was that delay in closing down insolvent thrifts would only lead to increased costs later. The Administration therefore determined that we would move quickly to take over insolvent thrifts.

Within a matter of a few months following the enactment of FIRREA, the RTC assembled a financial organization the size of Citibank with more than 3,000 people given the mission of aggressively tackling the thrift cleanup. At the end of the first year, an impressive record of accomplishment has been achieved.

The RTC has taken over 472 insolvent thrifts, more than one per day. It has closed or sold 211 bankrupt S&Ls, one every 48 hours. And the RTC has sold or liquidated more than \$73 billion worth of assets, \$200 million per day. Just last week, the RTC announced plans to dispose of an additional \$50 billion in assets this year. We have been encouraging the RTC to move even faster.

Bill Seidman and the RTC face a tough and thankless job. No matter how well they do, there is no way to do the job perfectly and there will be criticism. But this will be the case whether they move quickly or slowly, so the decision was to get on with it, construct an industry with sound thrifts, and lower the cost of funds to the healthy portion of the industry.

The fourth principle was that tougher penalties and more aggressive prosecution of criminals were needed to deter similar crimes in the future. The Administration proposed and Congress enacted tougher civil penalties -- up to \$1 million per day -- and 20-year jail sentences for S&L fraud.

More recently, the President requested important new authorities, including wiretapping, the ability to seek court orders to freeze the corporate and personal assets of civil defendants and prohibitions on the use of bankruptcy to avoid federal recoveries of assets.

Since October 1988, the Justice Department has obtained 231 convictions for major cases of S&L fraud. In addition, the FBI is currently conducting 530 investigations of fraud in failed banks and thrifts -- an increase of 88 percent from 1987. And settlements and judgments from civil cases during the first half of 1990 will produce recoveries in excess of \$200 million.

Let me review: Protect the depositor. Restore safety and soundness to the industry. Clean up the insolvent institutions. And prosecute the criminals.

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August 8, 1990

THE S&L CRISIS: MAJOR ADMINISTRATION ACCOMPLISHMENTS

Eighteen days after taking office, President Bush stepped forward with a comprehensive solution to the S&L crisis. In the year since the Congress passed his legislation, the Financial Institution Reform, Recovery, and Enforcement Act (FIRREA), significant progress has been made.

1. The Depositors Have Been Protected.

- o All federally insured depositors have been protected against loss.
 - Six million accounts, representing the savings of millions of American families, have been made whole.
 - Depositors have received protection on \$62.8 billion of deposits that would have experienced losses without federal deposit insurance.
 - The average account protected is about \$10,000.
- o The integrity of the deposit insurance system has been preserved.
 - No insured saver has lost a dime due to the failure of a federally insured savings and loan.
 - The U.S. Government is standing behind its commitment to protect the federally insured savings of Americans.
 - Confidence in the Government's guarantee remains strong.
 - The Government's commitment and the resulting public confidence have kept the financial system operating continuously and efficiently.

2. The System Has Been Reformed.

- o Savings and Loans now have higher, more stringent capital requirements.
 - Real capital requirements have been put in place to require thrift owners and operators to give greater protection to depositors and put more of their own money at risk.

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 - Real capital requirements have been put in place to require thrift owners and operators to give greater protection to depositors and put more of their own money at risk.

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- o Regulatory oversight has been tightened.
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 - 220 institutions have entered into binding agreements to alter high risk banking practices (a total of 664 in the past three years).
 - The lending activities of thrifts have been refocused on the business they know best-- residential mortgages -- and credit is granted based on economic merit, rather than speculative risk.
 - Thrifts can no longer engage in direct real estate or equity investment without 100 percent capital, and junk bond investments have been prohibited.

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- 211 bankrupt S&Ls have been closed or sold. In the latest quarter, 155 institutions -- or a dozen per week -- have been shut down.
- o The cost to the taxpayers is being minimized.
 - The Resolution Trust Corporation (RTC) began business the day the legislation was signed. In less than a year, the Government created the largest financial institution in the country, which involved enormous efforts to staff and to develop appropriate policies and procedures.
 - The assets of the RTC are being liquidated in the most prudent manner to maximize return to the taxpayers by proceeding quickly but in a manner so as to avoid disrupting real estate markets.
 - Regional advisory boards have been established to provide guidance to the RTC on local real estate conditions and aid in maximizing value recovery.

4. The Individuals Responsible Are Being Penalized.

- o Those who engaged in criminal activity are being prosecuted.
 - Since October 1988, the Justice Department has indicted over 328 people involved in fraud and other criminal activity.
 - 231 people have been convicted and ordered to pay \$56.6 million in restitution.
 - Over three-quarters of those sentenced have received prison terms running as high as 30 years.
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 - An incremental \$50 million has been appropriated to prosecute S&L crimes.
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August 8, 1990

THE S&L CRISIS: MAJOR ADMINISTRATION ACCOMPLISHMENTS

Eighteen days after taking office, President Bush stepped forward with a comprehensive solution to the S&L crisis. In the year since the Congress passed his legislation, the Financial Institution Reform, Recovery, and Enforcement Act (FIRREA), significant progress has been made.

1. The Depositors Have Been Protected.

- o All federally insured depositors have been protected against loss.
 - Six million accounts, representing the savings of millions of American families, have been made whole.
 - Depositors have received protection on \$62.8 billion of deposits that would have experienced losses without federal deposit insurance.
 - The average account protected is about \$10,000.
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 - No insured saver has lost a dime due to the failure of a federally insured savings and loan.
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

CONTACT: Office of Financing
202/376-4350

FOR IMMEDIATE RELEASE

August 8, 1990

RESULTS OF TREASURY'S AUCTION OF 10-YEAR NOTES

Tenders for \$10,503 million of 10-year notes to be issued on August 15, 1990 and to mature on August 15, 2000 were accepted today (CUSIP: 912827ZE5) (Series C-2000).

The interest rate on the notes will be 8 3/4%. The range of accepted bids, and the corresponding prices at the 8 3/4% interest rate are as follows:

	<u>Yield</u>	<u>Price</u>
Low	8.74%	100.066
High	8.84%	99.411
Average	8.77%	99.869

\$50,000 accepted at lower yields.

Tenders at the high yield were allotted 66%.

TENDERS RECEIVED AND ACCEPTED (in Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	12,448	12,448
New York	15,241,684	9,734,884
Philadelphia	5,423	5,423
Cleveland	11,439	11,439
Richmond	15,709	15,709
Atlanta	9,296	9,296
Chicago	1,051,424	575,924
St. Louis	18,062	16,062
Minneapolis	22,687	22,687
Kansas City	16,890	16,890
Dallas	4,515	4,515
San Francisco	324,433	74,433
Treasury	<u>3,114</u>	<u>3,114</u>
TOTALS	\$16,737,124	\$10,502,824

The \$10,503 million of accepted tenders includes \$560 million of noncompetitive tenders and \$9,943 million of competitive tenders from the public.

In addition to the \$10,503 million of tenders accepted in the auction process, \$215 million of tenders was awarded at the average price to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$350 million of tenders was also accepted at the average price from Federal Reserve Banks for their own account in exchange for maturing securities.

The minimum par amount required for STRIPS is \$160,000. Larger amounts must be in multiples of that amount.

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-204

DEPT. OF THE TREASURY

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TREASURY NEWS



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DEPT. OF THE TREASURY

FOR IMMEDIATE RELEASE
August 9, 1990

CONTACT: Office of Financing
202/376-4350

RESULTS OF TREASURY'S AUCTION OF 36-DAY CASH MANAGEMENT BILLS

Tenders for \$10,088 million of 36-day Treasury bills to be issued on August 15, 1990, and to mature September 20, 1990, were accepted at the Federal Reserve Banks today. The details are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS

	<u>Discount Rate</u>	<u>Investment Rate (Equivalent Coupon-Issue Yield)</u>	<u>Price</u>
Low	7.78%	7.95%	99.222
High	7.80%	7.97%	99.220
Average	7.79%	7.96%	99.221

Tenders at the high discount rate were allotted 21%.

TOTAL TENDERS RECEIVED AND ACCEPTED BY FEDERAL RESERVE DISTRICTS (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ --	\$ --
New York	48,953,000	8,235,370
Philadelphia	--	--
Cleveland	--	--
Richmond	--	--
Atlanta	--	--
Chicago	4,550,000	1,763,000
St. Louis	--	--
Minneapolis	--	--
Kansas City	--	--
Dallas	--	--
San Francisco	1,425,000	89,250
TOTALS	\$54,928,000	\$10,087,620

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

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DEPARTMENT OF THE TREASURY
WASHINGTON

APR 15 1990

Acknowledgment of Filing of Statements

The Embassy of Kuwait has filed statements concerning certain Kuwaiti-controlled firms in the U.S. Accordingly, U.S. financial institutions are hereby authorized until August 25, 1990, to accept deposits and clear checks written on the blocked accounts of the Kuwaiti-controlled firms in the United States listed below (including their subsidiaries and affiliates) and in general to operate such firms' blocked bank accounts, provided that no benefit to the Government of Iraq arises from transactions in the blocked accounts:

Santa Fe International Corporation

Fosterlane Holdings Corporation

Crescent Holdings, Inc.

Wafra Interinvest Corporation (Cayman)

KFIC, Inc.

Georgetown Industries, Inc.

Any questions regarding this acknowledgment may be directed to the Blocked Assets Section, Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220 (telephone 202-535-4026).

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Director

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DEPARTMENT OF THE TREASURY
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OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 1

Completion of Certain Securities Transactions.

(a) Commercial banking or investment banking institutions within the United States are hereby authorized to complete, on or before August 16, 1990, irrespective of their stated completion date, transactions entered into prior to 5:00 a.m. Eastern Daylight Time, August 2, 1990, involving securities purchased, sold, lent, or borrowed for the account of the Government of Kuwait, its agencies, instrumentalities, and controlled entities, and the Central Bank of Kuwait (the "Government of Kuwait"), provided the following terms and conditions are complied with, respectively:

(1) The proceeds of such sale by, or return of funds to, the Government of Kuwait are credited to a blocked account in a commercial banking or investment banking institution within the United States in the name of the person for whose account such sale or return was made; and

(2) The securities so purchased by, or lent or returned to, the Government of Kuwait are held in a blocked account in a commercial banking or investment banking institution within the United States in the name of the person for whose account the purchase, borrowing, or loan was made.

(b) This section does not authorize the crediting of the proceeds of, or funds received with respect to, Government of Kuwait securities held in a blocked account or a sub-account,



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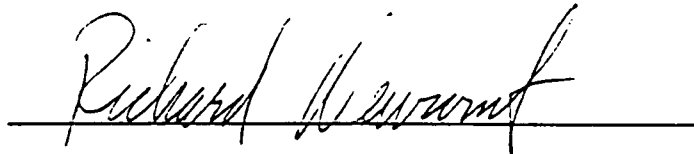
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or securities returned with respect to funds held in a blocked account or sub-account, to a blocked account or sub-account under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such funds or securities were held.

Issued: August 2, 1990

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

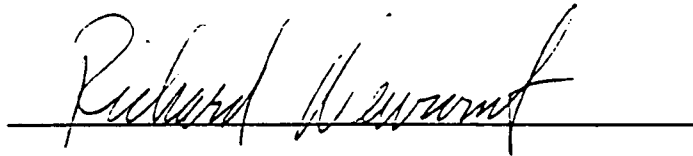
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OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 2

Oil Under Contract Entered Into Prior to August 2, 1990 And En Route To The United States.

(a) Oil of Iraqi origin or oil in which the Government of Kuwait or the Government of Iraq has an interest may be imported into the United States only if:

(1) prior to the effective date, the oil was loaded for ultimate delivery to the United States on board a vessel in Iraq, Kuwait, or a third country,

(2) the oil is imported into the United States before 11:59 p.m. Eastern Daylight Time, October 1, 1990, and

(3) the bill of lading accompanying the oil was issued prior to the effective date.

(b) Any payment owed or balance not paid to or for the benefit of the Government of Iraq or the Government of Kuwait prior to the effective date for oil imported pursuant to section (a) must be paid into a blocked account in a U.S. financial institution.

(c) Transactions conducted pursuant to this section must be reported in writing to the Office of Foreign Assets Control, Blocked Assets Section within ten (10) days of the date of importation.

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

(1) The term "oil of Iraqi origin" shall mean oil extracted, processed or refined in Iraq.

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



DEPARTMENT OF THE TREASURY
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KUWAIT ASSETS CONTROL REGULATIONS
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(2) 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 (1).

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

a) The state and 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

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

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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;

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

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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 (1).

(4) The term "effective date" shall mean 5:00 a.m. Eastern Daylight Time, August 2, 1990.

(5) The term "blocked account" shall mean an account in a financial institution 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.

(6) The term "U.S. financial institution" shall mean any U.S. person engaged in the business of accepting deposits or making, granting, transferring, holding, or brokering loans or credits, or of purchasing or selling foreign exchange or commodities or procuring purchasers and sellers thereof, as principal or agent, including, but not limited to, banks, savings banks, trust companies, securities brokers and dealers,

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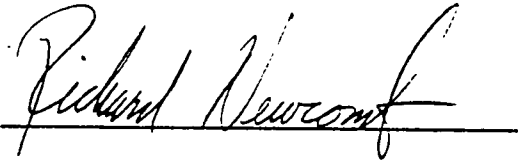
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commodities brokers, investment companies, employee pension plans, and holding companies or subsidiaries of any of the foregoing.

Issued: August 8, 1990

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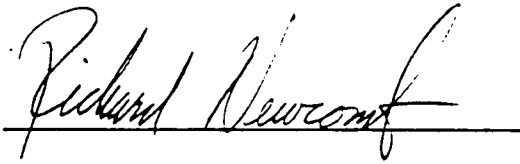
R. Richard Newcomb

Director

Office of Foreign Assets Control

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Director

Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON

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

Investment of Government of Kuwait 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) (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.



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
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(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 (1).

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

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(4) The term "U.S. financial institution" shall mean any U.S. person engaged in the business of accepting deposits or making, granting, transferring, holding, or brokering loans or credits, or of purchasing or selling foreign exchange or commodities or procuring purchasers and sellers thereof, as principal or agent, including, but not limited to, banks, savings banks, trust companies,

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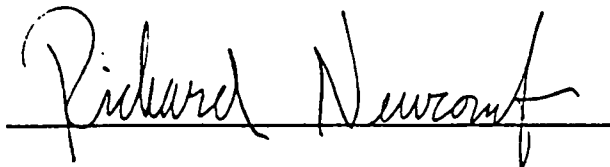
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securities brokers and dealers, commodities brokers, investment companies, employee pension plans, and holding companies or subsidiaries of any of the foregoing.

Issued: August 8, 1990

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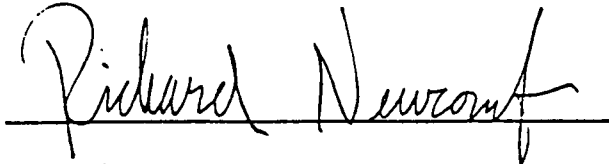
R. Richard Newcomb

Director

Office of Foreign Assets Control

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Director

Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 4

Transactions by U.S. Entities Owned or Controlled by the
Government of Kuwait.

(a) The following transactions by a U.S. financial institution that is not owned or controlled by the Government of Kuwait are hereby authorized with respect to blocked accounts held in the name of entities owned or controlled by the Government of Kuwait that are located within the United States:

(1) Any payment or transfer, including any payment or transfer from outside the United States, into such blocked accounts;

(2) Any payment or transfer from such blocked accounts, provided that no benefit accrues to the Government of Iraq from such transactions.

(b) (1) Entities owned or controlled by the Government of Kuwait, seeking to avail themselves of this authorization, must register with the Office of Foreign Assets Control, Blocked Assets Section.

(2) Financial institutions must require evidence of such registration before undertaking any transaction pursuant to this license.

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

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



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 4

Transactions by U.S. Entities Owned or Controlled by the
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(1) Any payment or transfer, including any payment or transfer from outside the United States, into such blocked accounts;

(2) Any payment or transfer from such blocked accounts, provided that no benefit accrues to the Government of Iraq from such transactions.

(b)(1) Entities owned or controlled by the Government of Kuwait, seeking to avail themselves of this authorization, must register with the Office of Foreign Assets Control, Blocked Assets Section.

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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;

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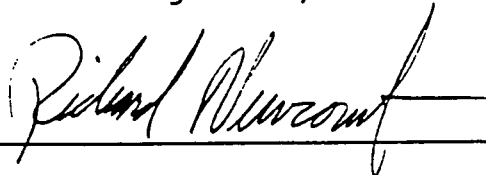
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Issued August 8, 1990

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R. Richard Newcomb

Director

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Office of Foreign Assets Control

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-204

DEPT. OF THE TREASURY

FOR IMMEDIATE RELEASE

August 9, 1990

CONTACT: Office of Financing
202/376-4350

RESULTS OF TREASURY'S AUCTION OF 30-YEAR BONDS

Tenders for \$10,256 million of 30-year bonds to be issued on August 15, 1990 and to mature on August 15, 2020 were accepted today (CUSIP: 912810EG9).

The interest rate on the bonds will be 8 3/4%. The range of accepted bids, and the corresponding prices at the 8 3/4% interest rate are as follows:

	<u>Yield</u>	<u>Price</u>
Low	8.86%	98.851
High	8.88%	98.644
Average	8.87%	98.747

Tenders at the high yield were allotted 13%.

TENDERS RECEIVED AND ACCEPTED (in Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	2,800	2,800
New York	24,179,936	9,790,159
Philadelphia	1,899	1,899
Cleveland	6,201	3,201
Richmond	13,913	7,303
Atlanta	6,504	6,004
Chicago	1,195,903	346,803
St. Louis	11,237	11,237
Minneapolis	12,880	1,880
Kansas City	9,494	8,494
Dallas	9,811	4,311
San Francisco	504,230	71,525
Treasury	397	397
TOTALS	\$25,955,205	\$10,256,013

The \$10,256 million of accepted tenders includes \$505 million of noncompetitive tenders and \$9,751 million of competitive tenders from the public.

In addition to the \$10,256 million of tenders accepted in the auction process, \$0 million of tenders was awarded at the average price to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$200 million of tenders was also accepted at the average price from Federal Reserve Banks for their own account in exchange for maturing securities.

The minimum par amount required for STRIPS is \$160,000. Larger amounts must be in multiples of that amount.

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

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FOR IMMEDIATE RELEASE

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THE UNITED STATES OF AMERICA
DEPT. OF THE TREASURY
MAY 1 1900

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

FOR IMMEDIATE RELEASE
August 10, 1990

Contact: Larry Batdorf
566-2041

TREASURY ANNOUNCES BANK SECRECY ACT CIVIL PENALTY AGAINST NATIONAL BANK OF WASHINGTON

The Department of the Treasury announced that a civil penalty of \$368,000 had been assessed against The National Bank of Washington, Washington, D.C., prior to the closing of the bank by the Comptroller of the Currency and the appointment of the FDIC as receiver. The penalty was based upon the bank's failure to file Currency Transaction Reports as required by the Bank Secrecy Act. The majority of the violations arose from a Federal undercover money laundering operation involving the bank. Former Senior Vice President, Roger C. Schultz, pleaded guilty to Bank Secrecy Act violations in 1988. Other violations occurred because the bank improperly exempted customers from the currency reporting requirements. The bank previously had been cited by Treasury for similar exemption violations arising from these violations in 1986. The amount assessed was the maximum penalty authorized for these violations.

The penalty was announced by Treasury Assistant Secretary Peter K. Nunez. Nunez stated: "Despite an earlier warning by Treasury and the involvement of its former senior vice president in money laundering, NBW continued to rely on a woefully inadequate Bank Secrecy Act compliance program which led to a number of violations and created a situation ripe for money laundering."

Under the reporting requirements of the Bank Secrecy Act, 31 U.S.C. 5311-5326, banks and other financial institutions are required to file reports with Treasury for currency transactions conducted by, through, or to the institution in excess of \$10,000.

NB-918

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

FOR IMMEDIATE RELEASE
August 10, 1990

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NB-918

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DEPT. OF THE ARMY

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 10, 1990

EXECUTIVE ORDER

12274
- - - - -

BLOCKING IRAQI GOVERNMENT PROPERTY
AND
PROHIBITING TRANSACTIONS WITH IRAQ

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 301 of title 3 of the United States Code, and the United Nations Participation Act (22 U.S.C. 287c), in view of United Nations Security Council Resolution No. 661 of August 6, 1990, and in order to take additional steps with respect to Iraq's invasion of Kuwait and the national emergency declared in Executive Order No. 12722,

I, GEORGE BUSH, President of the United States of America, hereby order:

Section 1. Except to the extent provided in regulations that may hereafter be issued pursuant to this order, all property and interests in property of the Government of Iraq that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, including their overseas branches, are hereby blocked.

Sec. 2. The following are prohibited, except to the extent provided in regulations that may hereafter be issued pursuant to this order:

(a) The importation into the United States of any goods or services of Iraqi origin, or any activity that promotes or is intended to promote such importation;

(b) The exportation to Iraq, or to any entity operated from Iraq, or owned or controlled by the Government of Iraq, directly or indirectly, of any goods, technology (including technical data or other information), or services either (i) from the United States, or (ii) requiring the issuance of a license by a Federal agency, or any activity that promotes or is intended to promote such exportation, except donations of articles intended to relieve human suffering, such as food and supplies intended strictly for medical purposes;

(c) Any dealing by a United States person related to property of Iraqi origin exported from Iraq after August 6, 1990, or property intended for exportation from Iraq to any country, or exportation to Iraq from any country, or any activity of any kind that promotes or is intended to promote such dealing;

(d) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Iraq, or to activities by any such person within Iraq, after the date of this order, other than transactions necessary to

more

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 10, 1990

EXECUTIVE ORDER

12274
- - - - -

BLOCKING IRAQI GOVERNMENT PROPERTY
AND
PROHIBITING TRANSACTIONS WITH IRAQ

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 301 of title 3 of the United States Code, and the United Nations Participation Act (22 U.S.C. 287c), in view of United Nations Security Council Resolution No. 661 of August 6, 1990, and in order to take additional steps with respect to Iraq's invasion of Kuwait and the national emergency declared in Executive Order No. 12722,

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(c) Any dealing by a United States person related to property of Iraqi origin exported from Iraq after August 6, 1990, or property intended for exportation from Iraq to any country, or exportation to Iraq from any country, or any activity of any kind that promotes or is intended to promote such dealing;

(d) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Iraq, or to activities by any such person within Iraq, after the date of this order, other than transactions necessary to

more

effect (i) such person's departure from Iraq, (ii) travel and activities for the conduct of the official business of the Federal Government or the United Nations, or (iii) travel for journalistic activity by persons regularly employed in such capacity by a news-gathering organization;

(e) Any transaction by a United States person relating to transportation to or from Iraq; the provision of transportation to or from the United States by any Iraqi person or any vessel or aircraft of Iraqi registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 et seq.), of any transportation by air that includes any stop in Iraq;

(f) The performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Iraq;

(g) Except as otherwise authorized herein, any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any United States person to the Government of Iraq or any other person in Iraq;

(h) Any transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order.

Sec. 3. For purposes of this order:

(a) the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration.

(b) the term "Government of Iraq" includes the Government of Iraq, its agencies, instrumentalities and controlled entities, and the Central Bank of Iraq.

Sec. 4. This order is effective immediately.

Sec. 5. 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, as may be necessary to carry out the purposes of this order. Such actions may include prohibiting or regulating payments or transfers of any property or any transactions involving the transfer of anything of economic value by any United States person to the Government of Iraq, or to any Iraqi national or entity owned or controlled, directly or indirectly, by the Government of Iraq or Iraqi nationals. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the Federal Government are directed to take all appropriate measures within their authority to carry out the provisions of this order, including the suspension or termination of licenses or other authorizations in effect as of the date of this order.

Sec. 6. Executive Order No. 12722 of August 2, 1990, is hereby revoked to the extent inconsistent with this order. All delegations, rules, regulations, orders, licenses, and other forms of administrative action made, issued, or otherwise taken under Executive Order No. 12722 and not revoked administratively shall remain in full force and effect under this order until

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effect (i) such person's departure from Iraq, (ii) travel and activities for the conduct of the official business of the Federal Government or the United Nations, or (iii) travel for journalistic activity by persons regularly employed in such capacity by a news-gathering organization;

(e) Any transaction by a United States person relating to transportation to or from Iraq; the provision of transportation to or from the United States by any Iraqi person or any vessel or aircraft of Iraqi registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 et seq.), of any transportation by air that includes any stop in Iraq;

(f) The performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Iraq;

(g) Except as otherwise authorized herein, any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any United States person to the Government of Iraq or any other person in Iraq;

(h) Any transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order.

Sec. 3. For purposes of this order:

(a) the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration.

(b) the term "Government of Iraq" includes the Government of Iraq, its agencies, instrumentalities and controlled entities, and the Central Bank of Iraq.

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Sec. 6. Executive Order No. 12722 of August 2, 1990, is hereby revoked to the extent inconsistent with this order. All delegations, rules, regulations, orders, licenses, and other forms of administrative action made, issued, or otherwise taken under Executive Order No. 12722 and not revoked administratively shall remain in full force and effect under this order until

amended, modified, or terminated by proper authority. The revocation of any provision of Executive Order No. 12722 pursuant to this section shall not affect any violation of any rules, regulations, orders, licenses, or other forms of administrative action under that order during the period that such provision of that order was in effect.

This order shall be transmitted to the Congress and published in the Federal Register.

GEORGE BUSH

THE WHITE HOUSE,
August 9, 1990.

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amended, modified, or terminated by proper authority. The revocation of any provision of Executive Order No. 12722 pursuant to this section shall not affect any violation of any rules, regulations, orders, licenses, or other forms of administrative action under that order during the period that such provision of that order was in effect.

This order shall be transmitted to the Congress and published in the Federal Register.

GEORGE BUSH

THE WHITE HOUSE,
August 9, 1990.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

August 10, 1990

EXECUTIVE ORDER
12275
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BLOCKING KUWAITI GOVERNMENT PROPERTY
AND
PROHIBITING TRANSACTIONS WITH KUWAIT

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 301 of title 3 of the United States Code, and the United Nations Participation Act (22 U.S.C. 287c), in view of United Nations Security Council Resolution No. 661 of August 6, 1990, and in order to take additional steps with respect to Iraq's invasion of Kuwait and the national emergency declared in Executive Order No. 12722,

I, GEORGE BUSH, President of the United States of America, hereby order:

Section 1. Except to the extent provided in regulations that may hereafter be issued pursuant to this order, all property and interests in property of the Government of Kuwait that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, including their overseas branches, are blocked.

Sec. 2. The following are prohibited, except to the extent provided in regulations that may hereafter be issued pursuant to this order:

(a) The importation into the United States of any goods or services of Kuwaiti origin, or any activity that promotes or is intended to promote such importation;

(b) The exportation to Kuwait, or to any entity operated from Kuwait or owned or controlled by the Government of Kuwait, directly or indirectly, of any goods, technology (including technical data or other information), or services either (i) from the United States, or (ii) requiring the issuance of a license by a Federal agency, or any activity that promotes or is intended to promote such exportation, except donations of articles intended to relieve human suffering, such as food and supplies intended strictly for medical purposes;

(c) Any dealing by a United States person related to property of Kuwaiti origin exported from Kuwait after August 6, 1990, or property intended for exportation from Kuwait to any country or exportation to Kuwait from any country, or any activity of any kind that promotes or is intended to promote such dealing;

(d) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Kuwait, or to activities by any such person within Kuwait, after the date of this order, other than transactions necessary

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(OVER)

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

August 10, 1990

EXECUTIVE ORDER
12275
- - - - -

BLOCKING KUWAITI GOVERNMENT PROPERTY
AND
PROHIBITING TRANSACTIONS WITH KUWAIT

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 301 of title 3 of the United States Code, and the United Nations Participation Act (22 U.S.C. 287c), in view of United Nations Security Council Resolution No. 661 of August 6, 1990, and in order to take additional steps with respect to Iraq's invasion of Kuwait and the national emergency declared in Executive Order No. 12722,

I, GEORGE BUSH, President of the United States of America, hereby order:

Section 1. Except to the extent provided in regulations that may hereafter be issued pursuant to this order, all property and interests in property of the Government of Kuwait that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, including their overseas branches, are blocked.

Sec. 2. The following are prohibited, except to the extent provided in regulations that may hereafter be issued pursuant to this order:

(a) The importation into the United States of any goods or services of Kuwaiti origin, or any activity that promotes or is intended to promote such importation;

(b) The exportation to Kuwait, or to any entity operated from Kuwait or owned or controlled by the Government of Kuwait, directly or indirectly, of any goods, technology (including technical data or other information), or services either (i) from the United States, or (ii) requiring the issuance of a license by a Federal agency, or any activity that promotes or is intended to promote such exportation, except donations of articles intended to relieve human suffering, such as food and supplies intended strictly for medical purposes;

(c) Any dealing by a United States person related to property of Kuwaiti origin exported from Kuwait after August 6, 1990, or property intended for exportation from Kuwait to any country or exportation to Kuwait from any country, or any activity of any kind that promotes or is intended to promote such dealing;

(d) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Kuwait, or to activities by any such person within Kuwait, after the date of this order, other than transactions necessary

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(OVER)

to effect (i) such person's departure from Kuwait, (ii) travel and activities for the conduct of the official business of the Federal Government or the United Nations, or (iii) travel for journalistic activity by persons regularly employed in such capacity by a news-gathering organization;

(e) Any transaction by a United States person relating to transportation to or from Kuwait; the provision of transportation to or from the United States by any Kuwaiti person or any vessel or aircraft of Kuwaiti registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 et seq.), of any transportation by air that includes any stop in Kuwait;

(f) The performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Kuwait;

(g) Except as otherwise authorized herein, any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any United States person to the Government of Kuwait or any other person in Kuwait;

(h) Any transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order.

Sec. 3. For purposes of this order:

(a) the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration.

(b) the term "Government of Kuwait" includes the Government of Kuwait or any entity purporting to be the Government of Kuwait, its agencies, instrumentalities and controlled entities, and the Central Bank of Kuwait.

Sec. 4. This order is effective immediately.

Sec. 5. 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, as may be necessary to carry out the purposes of this order. Such actions may include prohibiting or regulating payments or transfers of any property or any transactions involving the transfer of anything of economic value by any United States person to the Government of Kuwait, or to any Kuwaiti national or entity owned or controlled, directly or indirectly, by the Government of Kuwait or Kuwaiti nationals. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the Federal Government are directed to take all appropriate measures within their authority to carry out the provisions of this order, including the suspension or termination of licenses or other authorizations in effect as of the date of this order.

Sec. 6. Executive Order No. 12723 of August 2, 1990, is hereby revoked to the extent inconsistent with this order. All delegations, rules, regulations, orders, licenses, and other forms of administrative action made, issued, or otherwise taken under Executive Order No. 12723 and not revoked administratively shall remain in full force and effect under this order until

to effect (i) such person's departure from Kuwait, (ii) travel and activities for the conduct of the official business of the Federal Government or the United Nations, or (iii) travel for journalistic activity by persons regularly employed in such capacity by a news-gathering organization;

(e) Any transaction by a United States person relating to transportation to or from Kuwait; the provision of transportation to or from the United States by any Kuwaiti person or any vessel or aircraft of Kuwaiti registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 et seq.), of any transportation by air that includes any stop in Kuwait;

(f) The performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Kuwait;

(g) Except as otherwise authorized herein, any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any United States person to the Government of Kuwait or any other person in Kuwait;

(h) Any transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order.

Sec. 3. For purposes of this order:

(a) the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration.

(b) the term "Government of Kuwait" includes the Government of Kuwait or any entity purporting to be the Government of Kuwait, its agencies, instrumentalities and controlled entities, and the Central Bank of Kuwait.

Sec. 4. This order is effective immediately.

Sec. 5. 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, as may be necessary to carry out the purposes of this order. Such actions may include prohibiting or regulating payments or transfers of any property or any transactions involving the transfer of anything of economic value by any United States person to the Government of Kuwait, or to any Kuwaiti national or entity owned or controlled, directly or indirectly, by the Government of Kuwait or Kuwaiti nationals. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the Federal Government are directed to take all appropriate measures within their authority to carry out the provisions of this order, including the suspension or termination of licenses or other authorizations in effect as of the date of this order.

Sec. 6. Executive Order No. 12723 of August 2, 1990, is hereby revoked to the extent inconsistent with this order. All delegations, rules, regulations, orders, licenses, and other forms of administrative action made, issued, or otherwise taken under Executive Order No. 12723 and not revoked administratively shall remain in full force and effect under this order until

amended, modified, or terminated by proper authority. The revocation of any provision of Executive Order No. 12723 pursuant to this section shall not affect any violation of any rules, regulations, orders, licenses, or other forms of administrative action under that order during the period that such provision of that order was in effect.

This order shall be transmitted to the Congress and published in the Federal Register.

GEORGE BUSH

THE WHITE HOUSE,
August 9, 1990.

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This order shall be transmitted to the Congress and published in the Federal Register.

GEORGE BUSH

THE WHITE HOUSE,
August 9, 1990.

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DEPARTMENT OF THE TREASURY.
WASHINGTON

AUG 12 1990

Dear Mr. Patrikis:

In my letter to you of August 5, 1990, I set forth the status of various banks under Executive Order No. 12723. Since that date we have received additional information concerning certain banks listed in Category II of that letter regarding their ownership and control. Based on the information we have received, we have determined that the following banks should not be considered blocked entities under Executive Order No. 12723 and Executive Order No. 12725 of August 9, 1990:

Bahrain Middle East Bank
Dao Heng Bank
Gulf International Bank
Bank of Bahrain and Kuwait
Kuwait French Bank
National Bank of Kuwait
Swiss Kuwaiti Bank
UBAF Arab American Bank
United Bank of Kuwait

We have determined that the following bank should be included with those listed in Category IV (i.e., blocked):

Kuwait Real Estate Bank

We will complete our review of the status of the remaining bank in Category II shortly. The fact that we have yet to complete our review of this bank should not be viewed as an indication that its (not-blocked) status will change.

Sincerely,

R. Richard Newcomb
Director
Office of Foreign Assets Control

Ernest T. Patrikis
General Counsel and
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045



DEPARTMENT OF THE TREASURY.
WASHINGTON

AUG 12 1990

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R. Richard Newcomb
Director
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Ernest T. Patrikis
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Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

KUWAIT/IRAQ
INFORMATION PACKET

KUWAIT/IRAQ
INFORMATION PACKET

EXECUTIVE ORDER

1
BLOCKING IRAQI GOVERNMENT PROPERTY
AND PROHIBITING TRANSACTIONS WITH IRAQ

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and section 301 of title 3 of the United States Code.

I, GEORGE BUSH, President of the United States of America, find that the policies and actions of the Government of Iraq constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and hereby declare a national emergency to deal with that threat.

I hereby order:

Section 1. All property and interests in property of the Government of Iraq, its agencies, instrumentalities and controlled entities and the Central Bank of Iraq that are in the United States, that hereafter come within the United States or that are or hereafter come within the possession or control of United States persons, including their overseas branches, are hereby blocked.

Section 2. The following are prohibited, except to the extent provided in regulations which may hereafter be issued pursuant to this Order:

(a) The import into the United States of any goods or services of Iraqi origin, other than publications and other informational materials;

(b) The export to Iraq of any goods, technology (including technical data or other information controlled for export pursuant to Section 5 of the Export Administration Act (50 U.S.C. App. 2404)) or services from the United States, except publications and other informational materials, and donations of articles intended to relieve human suffering, such as food, clothing, medicine and medical supplies intended strictly for medical purposes;

(c) Any transaction by a United States person relating to transportation to or from Iraq; the provision of transportation to or from the United States by any Iraqi person or any vessel or aircraft of Iraqi registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1514), of any transportation by air which includes any stop in Iraq;

EXECUTIVE ORDER

1
BLOCKING IRAQI GOVERNMENT PROPERTY
AND PROHIBITING TRANSACTIONS WITH IRAQ

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(c) Any transaction by a United States person relating to transportation to or from Iraq; the provision of transportation to or from the United States by any Iraqi person or any vessel or aircraft of Iraqi registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1514), of any transportation by air which includes any stop in Iraq;

(d) The purchase by any United States person of goods for export from Iraq to any country;

(e) The performance by any United States person of any contract in support of an industrial or other commercial or governmental project in Iraq;

(f) The grant or extension of credits or loans by any United States person to the Government of Iraq, its instrumentalities and controlled entities;

(g) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Iraq, or to activities by any such person within Iraq, after the date of this Order, other than transactions necessary to effect such person's departure from Iraq, or travel for journalistic activity by persons regularly employed in such capacity by a newsgathering organization; and

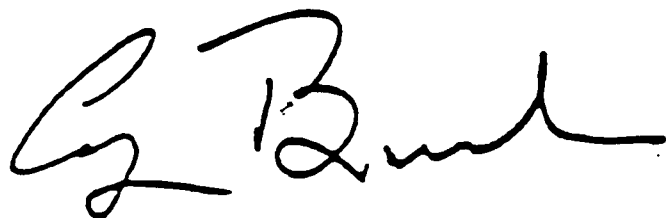
(h) Any transaction by any United States person which evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this Order.

For purposes of this Order, the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States, or any person in the United States.

Section 3. This Order is effective immediately.

Section 4. 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, as may be necessary to carry out the purposes of this Order. Such actions may include prohibiting or regulating payments or transfers of any property or any transactions involving the transfer of anything of economic value by any United States person to the Government of Iraq, its instrumentalities and controlled entities, or to any Iraqi national or entity owned or controlled, directly or indirectly, by Iraq or Iraqi nationals. The Secretary may redelegate any of these functions to other officers and agencies of the Federal government. All agencies of the United States government are directed to take all appropriate measures within their authority to carry out the provisions of this Order, including the suspension or termination of licenses or other authorizations in effect as of the date of this Order.

This Order shall be transmitted to the Congress and published in the Federal Register.



THE WHITE HOUSE,
August 2, 1990

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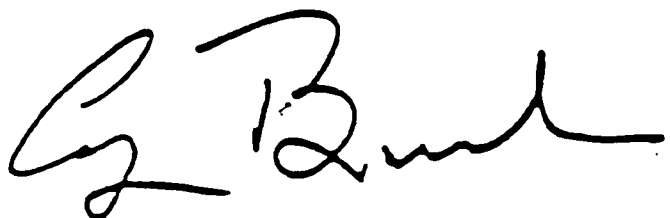
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This Order shall be transmitted to the Congress and published in the Federal Register.



THE WHITE HOUSE,
August 2, 1990

EXECUTIVE ORDER

- 1 2 7 2 3 -

BLOCKING KUWAITI GOVERNMENT PROPERTY

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and 3 U.S.C. 301.

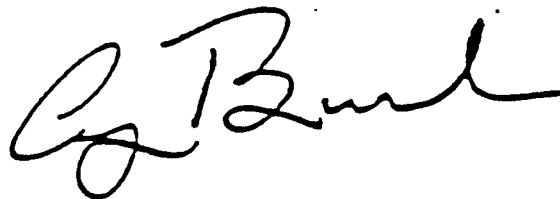
I, GEORGE BUSH, President of the United States, find that the situation caused by the invasion of Kuwait by Iraq constitutes an unusual and extraordinary threat to the national security, foreign policy and economy of the United States and have declared a national emergency to deal with that threat.

I hereby order blocked all property and interests in property of the Government of Kuwait or any entity purporting to be the Government of Kuwait, its agencies, instrumentalities and controlled entities and the Central Bank of Kuwait that are in the United States, that hereafter come within the United States or that are or hereafter come within the possession or control of United States persons, including their overseas branches.

For purposes of this Order, the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States or any person in the United States.

The Secretary of the Treasury is authorized to employ all powers granted to me by the International Emergency Economic Powers Act to carry out the provisions of this Order.

This Order is effective immediately and shall be transmitted to the Congress and published in the Federal Register.



THE WHITE HOUSE,

August 2, 1990

EXECUTIVE ORDER

- 1 2 7 2 3 -

BLOCKING KUWAITI GOVERNMENT PROPERTY

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and 3 U.S.C. 301.

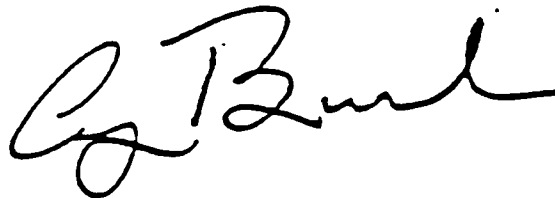
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For purposes of this Order, the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States or any person in the United States.

The Secretary of the Treasury is authorized to employ all powers granted to me by the International Emergency Economic Powers Act to carry out the provisions of this Order.

This Order is effective immediately and shall be transmitted to the Congress and published in the Federal Register.



THE WHITE HOUSE,
August 2, 1990

DEPARTMENT OF THE TREASURY

BACKGROUND BRIEFING

ON FOREIGN ASSETS CONTROL

August 2, 1990

- - -

*NEWS TRANSCRIPTS, INC.
1333 H Street, N.W., Suite 500
Washington, D.C. 20005*

DEPARTMENT OF THE TREASURY

BACKGROUND BRIEFING

ON FOREIGN ASSETS CONTROL

August 2, 1990

- - -

*NEWS TRANSCRIPTS, INC.
1333 H Street, N.W., Suite 500
Washington, D.C. 20005*

MODERATOR: (Name deleted), would you want to open with just a little background on--

TREASURY OFFICIAL: Yes, I can. I'm as much interested in what's of interest to you. I didn't prepare a talk to give to you; it's unrehearsed. I thought we could sit and chat--

MODERATOR: Why don't we start with questions.

TREASURY OFFICIAL: --make this in the format of Qs and As. Let me just give you maybe a one minute overview of what Foreign Assets Control is, what we do, and what these programs are.

Foreign Assets Control is the agency within the Treasury department responsible for implementation, administrative, and enforcement of economic sanctions and embargo programs as ordered by the president, and declared by the Congress under specific statutes. We operate under the Trading with the Enemy Act, for example, the International Emergency Economic Powers Act, as is in the case here. We also administer the Comprehensive Anti-Apartheid Act.

We deal in embargoes affecting South Africa under the Comprehensive Anti-Apartheid Act, Libya under International Emergency Economic Powers Act, Cuba, Vietnam, North Korea, Cambodia. We did the Panama program, we did the Nicaragua program. And we have a long history of other programs. We did the Iran assets freeze in 1979. We did assets freezes and trade embargoes against the Japanese, for example, in 1941, against the Axis powers, China, and so forth. So we are the embargo program office.

The president, this morning, signed two executive orders. One was concerning the blocking of Iraqi government property and prohibiting transactions with Iraq. As far as the blocking is concerned--I'm going to follow, fairly closely, the executive order here--but the property and interests in property of Iraq in the United States, or that it comes into the United States hereafter, or that comes within the possession or control of a United States person, including their overseas branches are blocked.

In addition, there's a trade embargo aspect. Imports into the United States of goods or services of Iraqi origin, exports to Iraq of any goods, technology, are prohibited. Transactions relating to transportation, purchase of goods, or brokering by a U.S. person on behalf of Iraq. They're pretty well laid out here. It is a fairly full and complete economic and trade embargo, modeling, or very similar to what we have with Libya.

Q: I have a question about there's rice, U.S. rice being loaded on a ship for Iraq, right now, under the GSM 102 program, and the fact that that's already like on the water, being loaded for, you know, near term, in transit. Is that blocked or is that loading finish and go?

TREASURY OFFICIAL: Let me say, when these--in this particular case, we get literally hundreds of questions like that, questions relating to oil imports, questions relating to ownership and control--a whole range of questions that we normally get. And we're compiling all of those questions and we'll be dealing with them. And we contemplate issuing regulations where those kinds of questions will be dealt with.

I don't have an answer for you right now. I don't know all the facts and circumstances. There may be a lot of technical counter questions that I have, but I am certain the person you heard it from will eventually be in touch with someone on our staff, and we will get an answer.

MODERATOR: (Name deleted), would you want to open with just a little background on--

TREASURY OFFICIAL: Yes, I can. I'm as much interested in what's of interest to you. I didn't prepare a talk to give to you; it's unrehearsed. I thought we could sit and chat--

MODERATOR: Why don't we start with questions.

TREASURY OFFICIAL: --make this in the format of Qs and As. Let me just give you maybe a one minute overview of what Foreign Assets Control is, what we do, and what these programs are.

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Q: How fast can you move, in other words? I guess we're wondering.

TREASURY OFFICIAL: Move what? To get an answer?

Q: No. To freeze assets, to stop oil shipments, that kind of thing. What's the time frame we're talking about?

TREASURY OFFICIAL: It's been done.

Q: So if you've got a tanker that's a mile off New York City, what happens to it? Is it coming in?

TREASURY OFFICIAL: Well, that gets into a question of territorial waters. Let's say you've got an oil tanker at a dock, or let's say you've got something that's unloading. Is it Libyan, I would--or is it Iraqi? Excuse me.

MODERATOR: Every time he says Libyan he means Iraq.

TREASURY OFFICIAL: It's been a long night and--

(Laughter)

Q: When did you first get involved in this?

TREASURY OFFICIAL: Let me just say I think that's a question you might direct somewhere else. I don't know. Is that in--

MODERATOR: He's been up most of the night.

Q: I just want to ask the question--is what you're saying is seizing the assets?

TREASURY OFFICIAL: I didn't say we're seizing the assets.

Q: Freezing.

TREASURY OFFICIAL: Freezing, yes.

Q: Okay, just so I understand this. If there's an oil tanker that's coming in from Iraq and it's got Iraqi oil on it, would that be seized or would that stuff already be under contract and sold to somebody here in (inaudible)?

TREASURY OFFICIAL: It wouldn't be seized; it's blocked. And the import of these goods or services, if they're of Iraqi origin, would be prohibited. According to the plain language of the executive order, import into the United States of goods of Iraqi origin are prohibited. So they couldn't be imported. Let's assume they're here. They're blocked. Now, "blocking" is a term of art somewhat

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unique to our program--it doesn't mean they're seized, it doesn't mean they're forfeited; they are essentially frozen in place. It could be a bank account, tangible property; it could be goods; it can be securities--it can be a whole range of things. I think the best model as far as a blocking or a freeze program you might look at for some kind of historical feel might be the Iran hostage crisis in 1979, because that was clearly a blocking which had a big dollar value. But I don't want to compare this particular program necessarily to Iran; it's closer to the program (inaudible).

Q: Are all imports from Iraq stopped now because of this order?

TREASURY OFFICIAL: Yes.

Q: So there's no more oil coming into this country from Iraq? We've cut off our number seventh supplier?

TREASURY OFFICIAL: As I say, it's in the executive order.

Q: Kuwait oil--Kuwaiti oil also?

TREASURY OFFICIAL: Let me go into the Kuwait situation. We're working closely with the government of Kuwait. This is not something that we did in the same vein; it was something done in more of a protecting vein so that people who might have an interest in seizing or taking or getting their hands on whatever, they could not do that if it was within United States jurisdiction, within the possession or control of U.S. persons, including their overseas branches.

Q: Does that mean that oil coming in from Kuwait is being held, too?

TREASURY OFFICIAL: It's not an import embargo.

Q: It's more a bank account (inaudible)?

TREASURY OFFICIAL: It's an assets freeze. I think these are the kinds of things with Kuwait that very rapidly we want to address and work out in conjunction with the friendly government.

Q: But on Iraq, it's a blocking of imports. Can I go back to my other question--like if we were loading rice for Iraq and, from what your explanation was, that we're stopping ties, does that mean that if it's going to Iraq, we would block that now, too, because that would be a U.S. export to Iraq?

TREASURY OFFICIAL: The export would be prohibited. We wouldn't block in that sense, unless it was Iraqi-titled property; we wouldn't block it, we'd just prohibit the export.

Q: Like perhaps if we were giving U.S. grain, specifically wheat, to Iraq, if we don't know exactly whose title it's already in but it was under a GSM 102 program, that means that--

TREASURY OFFICIAL: That doesn't deal with the question of title; it goes to the question

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of where it's going, if there's an intent, you know, to export it to Iraq.

Q: So then that would be blocked.

TREASURY OFFICIAL: Or an intent to (inaudible). Not blocked--prohibited. "Blocked" is a technical term of art meaning you hold in place by way of freezing, prohibiting the transfer; in other words, it just remains where it is--money remains in a bank account, securities in securities accounts--that kind of thing, they remain.

Q: But if it's a U.S. good trying to go to Iraq, it's not blocked; it's prohibited from being exported there. It still can move--I mean, it can go to another country or somewhere else in the United States.

TREASURY OFFICIAL: Let me just get another little wrinkle on this. If it is Iraq--in other words, if Iraq came and bought it in the United States, then in that situation it would be blocked.

Q: So essentially it's an asset block and a trade embargo, to put it in the purest--

TREASURY OFFICIAL: Right.

Q: What did you say?

TREASURY OFFICIAL: An assets freeze--

Q: An asset freeze and a--

TREASURY OFFICIAL: Trade embargo.

Q: Now, the question has been asked a few times--I'm still unclear as to the answer. What about goods which have already been contracted but not yet delivered?

TREASURY OFFICIAL: Let me say, those are among the series of issues we're taking a look at. And when these programs develop or are developed--there's a whole range of those kinds of questions, and I have my staff working with people that call; we have crisis teams set up to deal with that. We are working under the mode that everyone who calls our offices will get a return phone call that day. And I can't tell you right now what the answer to that question will be. That's a policy question, and I think what we need to do is weigh the practicalities of that, as we've done in other programs. And there are several different models to look at, and I think it depends on political determination. I think there's a lot of weighing of pros and cons, and we will be teeing up those issues and addressing those kinds of questions.

But I can't give you an answer right now.

Q: In the past there has been--

TREASURY OFFICIAL: In the past there has been--the best example I can give you there is

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in the 1987, the October 29th, 1987, embargo against Iran. There was a goods-in-transit exception, and there was a contract sanctity provision. That would be in the Federal Register on or about October 29th, 1987. If you want to take a look at it, you can see how it has been handled. But I don't really know the answer to your question.

Q: So that's something you could do, though, a goods-in-transit exception?

TREASURY OFFICIAL: It's conceivable.

Q: That's a policy option.

Q: Right. And who makes that decision?

TREASURY OFFICIAL: This is a program of the president's, and it is a decision that will be made somewhere between me and him.

Q: That will be like an announcement, then--you announce, you would say goods in transit are either (inaudible).

TREASURY OFFICIAL: Let me say, working with the client community is one of our highest priorities. We did the Panama embargo, and we met very routinely with the affected communities, and we endeavored to meet with every party that has a concern, we make notations of their concern, we factor it into policy decision papers. And we see that these concerns get addressed. We're the implementation, administration, and enforcement office. And we certainly might have views on the policy. But these are larger--these are fairly significant policies.

Q: How long until these sorts of questions are addressed as a rule of thumb? Is that guessable at this point?

TREASURY OFFICIAL: I think it's too early to even hazard, other than I can give you the assurance we will be working as nearly around the clock as we can to try to get those questions tee'd up and into the right hands; I mean, as much as humanly possible. We certainly understand and have a great deal of appreciation for people who may be affected by this. We routinely work with the U.S. business community, with affected parties, and we welcome their views. And they do make them known to us. And, again, the Panama program was a situation that--

Q: How long did that take to clarify those--I mean, a matter of days, hours?

TREASURY OFFICIAL: In Panama--well, Panama--you see, it's hard to compare one program to another, because each program is different in one respect or another, they're tailored to the individual conditions that exist. The Panama program was essentially designed to do something that was very different.

Q: Will the import ban be extended to Kuwait if they start trying to sell--if Iraq starts trying to sell the Kuwaiti oil?

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Q: Well, based on that, did you discuss how much oil this is going to knock out of the domestic market, how much is this going to hurt us?

TREASURY OFFICIAL: I can't--I don't care to comment on it, as I say.

Q: Who's the appropriate people to ask that question to? (Inaudible).

Q: One more along these lines--were these papers drawn up a few days ago when these troops started massing on the border?

TREASURY OFFICIAL: I think you need to talk to very senior policy officials. I think you need to talk to very senior policy officials about that. I'm not the appropriate person to even address that question.

Q: Do you have any ball park figure as to the dollar amount of assets that may be involved here?

TREASURY OFFICIAL: We're working with our staff to try to determine those figures; we're working with the U.S. financial community; we've utilized the Federal Reserve System's notification procedures to notify all affected parties as far as the bank deposit side. As time proceeds, we're gaining a more complete and more accurate picture on that. Of course, in the Kuwait situation we'll have the cooperation of the government of Kuwait, so that will probably be a little easier.

Q: You can't give us even a seat-of-the-pants estimate on the Kuwait and Iraqi (inaudible), roughly what their assets are in (inaudible)?

TREASURY OFFICIAL: Let me--I can guess, but I think every one of you can guess, too; I mean, we could do a pool.

Q: I have no idea. . .

TREASURY OFFICIAL: Okay, I have an educated guess, but I think it would really mislead the wire service readers if at this early stage I even tried to hazard a guess.

Q: Can you quantify it in terms of Iran? We had more extensive dealings with Iran back in the hostage crisis time. Is it relatively comparable to that, far below that?

TREASURY OFFICIAL: Let me just say that I believe it's significant, and it just really would be premature of me to speculate. It wouldn't be fair to all of you.

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Q: Is there any evidence--if they've been planning this for a long time, they obviously expect this to happen.

TREASURY OFFICIAL: (inaudible)?

Q: Any evidence that they've drawn down cash in this country in the past few days, weeks?

TREASURY OFFICIAL: Once again I got to say it's too early to even guess on that. We're still getting it together. I mean I think some of the first important steps we needed to take we have done, namely is to get the crisis group together, notify as many affected parties as we can, get the word out, meet with folks like you, get together. These are very good questions and they're very important questions.

But just don't have--

Q: What are the penalties for violating?

TREASURY OFFICIAL: Criminal penalties for violating sanctions range up to 12 years in prison, \$500,000 in corporate, \$250,000 in individual fines. Civil penalties of up to \$10,000 per violation may be imposed administratively.

Q: Civil what?

TREASURY OFFICIAL: Civil penalties. \$10,000 per violation.

Q: In a general sense, how easy is it to put a finger on that, you say Kuwait would probably cooperate in terms of Iraq. Do countries that we're not particularly friendly with to begin with, are their bank accounts in the government of Iraq, or do they have a corporation set up outside the country and it's a lot harder to put a finger on--

TREASURY OFFICIAL: Let me say first of all we only are taking action with regard to those accounts over which we have jurisdiction. And we have routine relationships with the routine international financial institutions. So to answer your question how easy is it, it's not the easiest thing in the world, but it's not the hardest thing in the world. It's something that we have experience at that we can and will do.

Q: Are there any Iraqi banks operating in (inaudible)?

TREASURY OFFICIAL: Yes, there are Kuwait banks. As far as Iraqi, I can't give you the--I mean that's a question that I can't give off the top of my head. One week from now chapter and verse.

Q: Can I try once more at the figures--I understand the situation now. In the case of Kuwait (inaudible); it would be hundreds of billions or just billions, tens of billions, or in the case of Iraq, I mean--

TREASURY OFFICIAL: Let me suggest that you might--

Q: Is there any evidence--if they've been planning this for a long time, they obviously expect this to happen.

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TREASURY OFFICIAL: Yes, there are Kuwait banks. As far as Iraqi, I can't give you the--I mean that's a question that I can't give off the top of my head. One week from now chapter and verse.

Q: Can I try once more at the figures--I understand the situation now. In the case of Kuwait (inaudible); it would be hundreds of billions or just billions, tens of billions, or in the case of Iraq, I mean--

TREASURY OFFICIAL: Let me suggest that you might--

Q: (inaudible) is it sort of a universe.

TREASURY OFFICIAL: It's not my place to do that. I couldn't do it anyway at this point.

Q: There are always U.S. people who are damaged by actions like this, people who are about to export something and had the deal interrupted. What will you do in situations like that to make them (inaudible)?

TREASURY OFFICIAL: As I mentioned, we in other programs endeavor to identify who those groups are. And our goal is not to injure U.S. parties or other innocent parties. Our goal is, I think fairly clearly stated, as the president stated it and as you see in the executive order and as I've stated.

And I think we'll take a look at those kinds of things. I cannot speculate on what the answer will be because it will not be my decision. But we'll certainly look at those. We will certainly endeavor to understand the full range of those and be sure that they're addressed.

TREASURY OFFICIAL: Unfortunately they need, Rick, in a meeting--let me just tell you that I know this is very difficult. We do not have all the answers and it's very early. But what I was hoping is if you have questions on what we did this morning and how we notified people, what are procedures are, I can take two or three more questions if that helps you, give you a little color to your story, but we're really--I apologize that we don't have all the answers. I mean, as you know, this is--

Q: Here's one question. How many calls have you received now from people who will be effected by the trade embargo as well as the asset freeze? Do you have any--

TREASURY OFFICIAL: Let me say, I joked with my staff on the way out the door, I said you think we're busy now, just wait until tomorrow. And I think the number of calls will rise.

TREASURY OFFICIAL: Do you know about how many you've gotten today?

TREASURY OFFICIAL: It's in the hundreds.

Q: Can I ask a layman's question. First American Bank is a Kuwaiti owned bank. I understand there's some Saudi assets in it. How will this affect that particular bank? In other words, it's a mixed--if indeed it is, that's what I understand.

TREASURY OFFICIAL: There are two facts that you're assuming in your question that I have--can't comment on.

Q: I was told by the bank that the Kuwaitis own it.

TREASURY OFFICIAL: I can certainly give them a call and talk to them about that.

Q: And fine out how you're going to --

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Q: In a generic sense, while most Americans are sleeping their banks are shuttling money all over the world. While Americans are sleeping, any bank in the United States that's involved in international money is going all over the world in different time zones. Would any bank owned by the Kuwaitis or the Iraqis now be prohibited from even doing that basic work because the money would technically leave the country?

TREASURY OFFICIAL: I'm not sure what your question is. But let me say I think this answers it and if it doesn't, ask me again. And that is we only have jurisdiction over U.S. persons. The money side of this, you're talking about U.S. banks. You're either talking about U.S. branches, foreign branches of U.S. banks, or U.S. incorporated (inaudible).

Q: So that if a bank--

TREASURY OFFICIAL: This wouldn't affect Kuwaiti deposits in a third country bank over which we had no jurisdiction.

Q: But if a bank here was owned by Kuwaitis or Iraqis and it was using its deposits or its resources in say foreign markets at different times, can it now do that?

TREASURY OFFICIAL: No, their assets in this country would be blocked. They could do transactions in foreign countries. But not from here.

Q: They couldn't use money here, at the close of business today, overnight.

TREASURY OFFICIAL: No.

Q: Do you feel you've contacted most of the major Kuwaiti and Iraqi institutions in this country already?

TREASURY OFFICIAL: We have--I have people working on that question to determine the Kuwaiti institutions. Again, the Iraqi one is a little more difficult. We just can't call them up and say freeze your stuff.

Q: So as far as the asset freeze then, the way to characterize it is that you've frozen all assets in Kuwait's banks?

TREASURY OFFICIAL: Follow the language of the executive order. We've frozen the assets, the government of Kuwait in the United States or overseas branches of U.S. institutions. However it reads--

Q: U.S. persons, it says too, right?

TREASURY OFFICIAL: Right, well persons, that's broad term that includes corporations, financial institutions.

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Q: So if I'm an import-export bank and just got a check for \$100 million from Iraq to pay for something, I'm in trouble?

TREASURY OFFICIAL: We're being a--well, that's a technical question. It's not fair right now.

Q: Again, what is the reason for freezing the Kuwaiti assets?

TREASURY OFFICIAL: It's a protective move so that invading forces could not get title to (inaudible). It's not an unusual thing. The office--this office did the same thing, as I mentioned, in the 1940s when--I'm not trying to make a comparison here, but when Germany invaded Norway and Denmark for example, so that the Germans could not get a hold of Norway and Denmark assets in the United States. The same action was taken then.

And I believe when--there are other parallels to having done this.

Q: An example, just a hypothetical example, say someone, a Kuwait person owned a building in New York. And what you're saying is if the Iraqis were somehow to obtain the deed, the title to that through this invasion, then the sale of that building or any other buildings would be--

TREASURY OFFICIAL: Your hypothetical's got one flaw on it. You said Kuwaiti person. This applies to the government of Kuwait.

Q: Okay. (inaudible).

TREASURY OFFICIAL: Okay, what's the hypothetical again?

Q: I'm just trying to get an example of how this would operate to protect Kuwait assets. Then what you're saying is if Iraq--

TREASURY OFFICIAL: If Kuwait had assets in the United States and they had all the telex numbers and what have you and they wanted to draw down \$10,000 on deposit at Chase or City of B of A, they couldn't do it.

Q: But if we were only talking government assets, Kuwait government assets--

TREASURY OFFICIAL: That's the title of the executive board.

Q: Period.

TREASURY OFFICIAL: Thank you very much.

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Q: Period.

TREASURY OFFICIAL: Thank you very much.



FOR IMMEDIATE RELEASE
August 3, 1990

Contact: Barbara Clay, 566-2041
Cheryl Crispen, 566-5252

THE TREASURY DEPARTMENT TODAY ANNOUNCED THE FOLLOWING ACTIONS:

1. OIL CONTRACTS ENTERED INTO PRIOR TO AUGUST 2, 1990, AND ENROUTE TO THE UNITED STATES

Importation of Iraqi and Kuwaiti oil will be permitted where (1) the oil was loaded prior to the effective date (5:01 a.m. Eastern Daylight Time (EDT), August 2, 1990), was intended for ultimate delivery to the United States, and was imported into the United States before 11:59 p.m. EDT, October 1, 1990; (2) the Bill of Lading was issued prior to the effective date; (3) any balance not yet paid to Iraq or Kuwait for the shipment must be paid into a blocked account in the United States; and (4) such transaction is reported to the Blocked Assets Section, Office of Foreign Assets Control.

2. TRANSACTIONS OF KUWAITI-CONTROLLED U.S. FIRMS

A general license will be issued authorizing U.S. financial institutions to accept deposits and clear checks written on the blocked accounts of Kuwaiti-controlled firms in the United States, and in general to operate such firms' blocked bank accounts, provided that no benefit to the Government of Iraq arises from transactions in the blocked accounts. In order to utilize the general license, Kuwaiti-controlled firms will be required to register with the Office of Foreign Assets Control's Blocked Assets Section. Financial institutions holding such firms' accounts will be required to verify that registration had occurred. This will facilitate the normal day-to-day financial functions of Kuwaiti firms in the United States and permit payment of employees and creditors and the purchase of goods and services in the ordinary course of the firms' business.

NB-909

FOR IMMEDIATE RELEASE
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NB-909

3. REINVESTMENT AUTHORITY

In the management of portfolio investments and securities blocked pursuant to Executive Order 12723 representing interests of the Government of Kuwait, bank and investment companies will be authorized to manage such blocked property and to reinvest the proceeds of such property in assets subject to the jurisdiction in the United States, provided that no investment results in an otherwise prohibited transfer of financial or economic benefit to the Government of Iraq. Prior to engaging in any transaction pursuant to this general license, the U.S. person must register with the Blocked Assets Section, Office of Foreign Assets Control, and provide regular reports as directed concerning such transactions.

4. COMPLETION OF FOREIGN EXCHANGE CONTRACTS

Foreign exchange contracts entered into for the account of the Government of Kuwait prior to 5:00 a.m. EDT, August 2, 1990, may be completed, provided: (1) all exchange transactions are completed prior to August 16, 1990; (2) funds are received in the U.S. prior to payment; and (3) all payments received for the account of the Government of Kuwait go into a blocked account.

The Treasury Department expects to issue regulations shortly.

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The Treasury Department expects to issue regulations shortly.



Acknowledgment of Filing of Statements

The Embassy of Kuwait has filed statements concerning certain Kuwaiti-controlled firms in the U.S. Accordingly, U.S. financial institutions are hereby authorized until August 25, 1990, to accept deposits and clear checks written on the blocked accounts of the Kuwaiti-controlled firms in the United States listed below (including their subsidiaries and affiliates) and in general to operate such firms' blocked bank accounts, provided that no benefit to the Government of Iraq arises from transactions in the blocked accounts:

Santa Fe International Corporation

Fosterlane Holdings Corporation

Crescent Holdings, Inc.

Wafra Interinvest Corporation (Cayman)

KFIC, Inc.

Georgetown Industries, Inc.

Any questions regarding this acknowledgment may be directed to the Blocked Assets Section, Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220 (telephone 202-535-4026).

R. Richard Newcomb
Director

Office of Foreign Assets Control



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DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS

GENERAL LICENSE NO. 1

Completion of Certain Securities Transactions.

(a) Commercial banking or investment banking institutions within the United States are hereby authorized to complete, on or before August 16, 1990, irrespective of their stated completion date, transactions entered into prior to 5:00 a.m. Eastern Daylight Time, August 2, 1990, involving securities purchased, sold, lent, or borrowed for the account of the Government of Kuwait, its agencies, instrumentalities, and controlled entities, and the Central Bank of Kuwait (the "Government of Kuwait"), provided the following terms and conditions are complied with, respectively:

(1) The proceeds of such sale by, or return of funds to, the Government of Kuwait are credited to a blocked account in a commercial banking or investment banking institution within the United States in the name of the person for whose account such sale or return was made; and

(2) The securities so purchased by, or lent or returned to, the Government of Kuwait are held in a blocked account in a commercial banking or investment banking institution within the United States in the name of the person for whose account the purchase, borrowing, or loan was made.

(b) This section does not authorize the crediting of the proceeds of, or funds received with respect to, Government of Kuwait securities held in a blocked account or a sub-account,



DEPARTMENT OF THE TREASURY
WASHINGTON
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KUWAIT ASSETS CONTROL REGULATIONS
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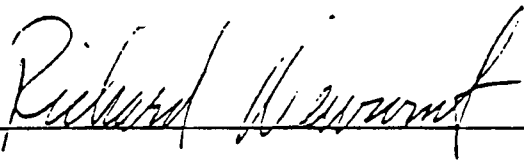
(1) The proceeds of such sale by, or return of funds to, the Government of Kuwait are credited to a blocked account in a commercial banking or investment banking institution within the United States in the name of the person for whose account such sale or return was made; and

(2) The securities so purchased by, or lent or returned to, the Government of Kuwait are held in a blocked account in a commercial banking or investment banking institution within the United States in the name of the person for whose account the purchase, borrowing, or loan was made.

(b) This section does not authorize the crediting of the proceeds of, or funds received with respect to, Government of Kuwait securities held in a blocked account or a sub-account,

or securities returned with respect to funds held in a blocked account or sub-account, 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.

Issued: August 2, 1990



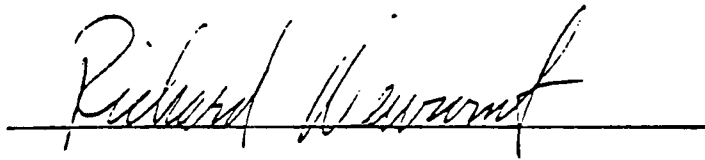
R. Richard Newcomb

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Office of Foreign Assets Control

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Issued: August 2, 1990

A handwritten signature in cursive script, appearing to read "Richard Newcomb", is written over a solid horizontal line.

R. Richard Newcomb

Director

Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 2

Oil Under Contract Entered Into Prior to August 2, 1990 And En Route To The United States.

(a) Oil of Iraqi origin or oil in which the Government of Kuwait or the Government of Iraq has an interest may be imported into the United States only if:

(1) prior to the effective date, the oil was loaded for ultimate delivery to the United States on board a vessel in Iraq, Kuwait, or a third country,

(2) the oil is imported into the United States before 11:59 p.m. Eastern Daylight Time, October 1, 1990, and

(3) the bill of lading accompanying the oil was issued prior to the effective date.

(b) Any payment owed or balance not paid to or for the benefit of the Government of Iraq or the Government of Kuwait prior to the effective date for oil imported pursuant to section (a) must be paid into a blocked account in a U.S. financial institution.

(c) Transactions conducted pursuant to this section must be reported in writing to the Office of Foreign Assets Control, Blocked Assets Section within ten (10) days of the date of importation.

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

(1) The term "oil of Iraqi origin" shall mean oil extracted, processed or refined in Iraq.

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



DEPARTMENT OF THE TREASURY
WASHINGTON

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KUWAIT ASSETS CONTROL REGULATIONS
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(d) Terms used in this license are defined as follows:

(1) The term "oil of Iraqi origin" shall mean oil extracted, processed or refined in Iraq.

(2) 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 (1).

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

a) The state and 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;

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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;

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

(4) The term "effective date" shall mean 5:00 a.m. Eastern Daylight Time, August 2, 1990.

(5) The term "blocked account" shall mean an account in a financial institution 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.

(6) The term "U.S. financial institution" shall mean any U.S. person engaged in the business of accepting deposits or making, granting, transferring, holding, or brokering loans or credits, or of purchasing or selling foreign exchange or commodities or procuring purchasers and sellers thereof, as principal or agent, including, but not limited to, banks, savings banks, trust companies, securities brokers and dealers,

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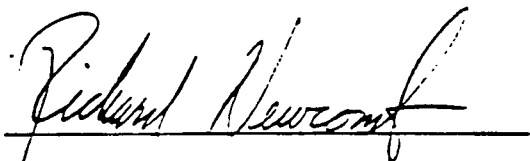
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commodities brokers, investment companies, employee pension plans, and holding companies or subsidiaries of any of the foregoing.

Issued: August 8, 1990

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

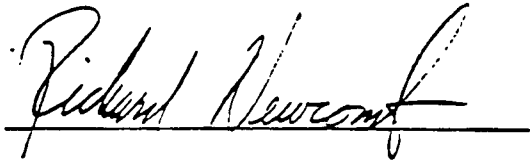
R. Richard Newcomb

Director

Office of Foreign Assets Control

commodities brokers, investment companies, employee pension plans, and holding companies or subsidiaries of any of the foregoing.

Issued: August 8, 1990

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R. Richard Newcomb

Director

Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON

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

Investment of Government of Kuwait 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) (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.



DEPARTMENT OF THE TREASURY
WASHINGTON

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

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

(b) (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 (1).

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

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

(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 (1).

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a) The state and 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 (1).

(3) The term "blocked account" shall mean an account in the United States 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 engaged in the business of accepting deposits or making, granting, transferring, holding, or brokering loans or credits, or of purchasing or selling foreign exchange or commodities or procuring purchasers and sellers thereof, as principal or agent, including, but not limited to, banks, savings banks, trust companies,

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

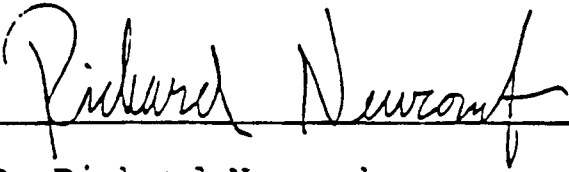
d) Any other person or organization determined by the Secretary of the Treasury to be included within section (1).

(3) The term "blocked account" shall mean an account in the United States 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 engaged in the business of accepting deposits or making, granting, transferring, holding, or brokering loans or credits, or of purchasing or selling foreign exchange or commodities or procuring purchasers and sellers thereof, as principal or agent, including, but not limited to, banks, savings banks, trust companies,

securities brokers and dealers, commodities brokers,
investment companies, employee pension plans, and holding
companies or subsidiaries of any of the foregoing.

Issued: August 8, 1990



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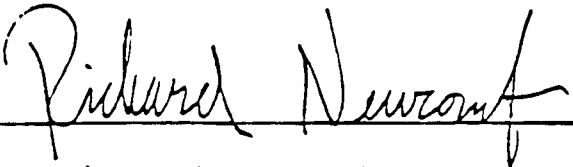
R. Richard Newcomb

Director

Office of Foreign Assets Control

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Issued: August 8, 1990



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

R. Richard Newcomb

Director

Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY.
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 4

Transactions by U.S. Entities Owned or Controlled by the
Government of Kuwait.

(a) The following transactions by a U.S. financial institution that is not owned or controlled by the Government of Kuwait are hereby authorized with respect to blocked accounts held in the name of entities owned or controlled by the Government of Kuwait that are located within the United States:

(1) Any payment or transfer, including any payment or transfer from outside the United States, into such blocked accounts;

(2) Any payment or transfer from such blocked accounts, provided that no benefit accrues to the Government of Iraq from such transactions.

(b) (1) Entities owned or controlled by the Government of Kuwait, seeking to avail themselves of this authorization, must register with the Office of Foreign Assets Control; Blocked Assets Section.

(2) Financial institutions must require evidence of such registration before undertaking any transaction pursuant to this license.

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

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



DEPARTMENT OF THE TREASURY.
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 4

Transactions by U.S. Entities Owned or Controlled by the
Government of Kuwait.

(a) The following transactions by a U.S. financial institution that is not owned or controlled by the Government of Kuwait are hereby authorized with respect to blocked accounts held in the name of entities owned or controlled by the Government of Kuwait that are located within the United States:

(1) Any payment or transfer, including any payment or transfer from outside the United States, into such blocked accounts;

(2) Any payment or transfer from such blocked accounts, provided that no benefit accrues to the Government of Iraq from such transactions.

(b) (1) Entities owned or controlled by the Government of Kuwait, seeking to avail themselves of this authorization, must register with the Office of Foreign Assets Control, Blocked Assets Section.

(2) Financial institutions must require evidence of such registration before undertaking any transaction pursuant to this license.

(c) 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 (1).

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

a) The state and 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

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;

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a) The state and 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;

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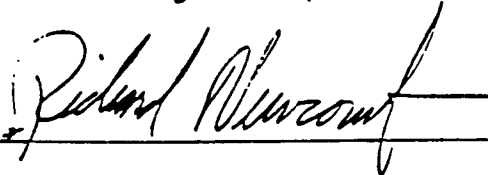


d) Any other person or organization determined by the Secretary of the Treasury to be included within section (1).

(3) The term "blocked account" shall mean an account in a financial institution 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 engaged in the business of accepting deposits or making, granting, transferring, holding, or brokering loans or credits, or of purchasing or selling foreign exchange or commodities or procuring purchasers and sellers thereof, as principal or agent, including, but not limited to, banks, savings banks, trust companies, securities brokers and dealers, commodities brokers, investment companies, employee pension plans, and holding companies or subsidiaries of any of the foregoing.

Issued August 8, 1990



R. Richard Newcomb

Director

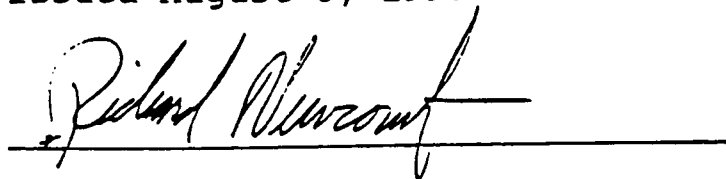
Office of Foreign Assets Control

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Issued August 8, 1990

A handwritten signature in cursive script, appearing to read "Richard Newcomb", is written over a solid horizontal line.

R. Richard Newcomb

Director

Office of Foreign Assets Control

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 10, 1990

EXECUTIVE ORDER

12274
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BLOCKING IRAQI GOVERNMENT PROPERTY
AND
PROHIBITING TRANSACTIONS WITH IRAQ

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 301 of title 3 of the United States Code, and the United Nations Participation Act (22 U.S.C. 287c), in view of United Nations Security Council Resolution No. 661 of August 6, 1990, and in order to take additional steps with respect to Iraq's invasion of Kuwait and the national emergency declared in Executive Order No. 12722,

I, GEORGE BUSH, President of the United States of America, hereby order:

Section 1. Except to the extent provided in regulations that may hereafter be issued pursuant to this order, all property and interests in property of the Government of Iraq that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, including their overseas branches, are hereby blocked.

Sec. 2. The following are prohibited, except to the extent provided in regulations that may hereafter be issued pursuant to this order:

(a) The importation into the United States of any goods or services of Iraqi origin, or any activity that promotes or is intended to promote such importation;

(b) The exportation to Iraq, or to any entity operated from Iraq, or owned or controlled by the Government of Iraq, directly or indirectly, of any goods, technology (including technical data or other information), or services either (i) from the United States, or (ii) requiring the issuance of a license by a Federal agency, or any activity that promotes or is intended to promote such exportation, except donations of articles intended to relieve human suffering, such as food and supplies intended strictly for medical purposes;

(c) Any dealing by a United States person related to property of Iraqi origin exported from Iraq after August 6, 1990, or property intended for exportation from Iraq to any country, or exportation to Iraq from any country, or any activity of any kind that promotes or is intended to promote such dealing;

(d) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Iraq, or to activities by any such person within Iraq, after the date of this order, other than transactions necessary to

MORE

(OVER)

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 10, 1990

EXECUTIVE ORDER

12274
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BLOCKING IRAQI GOVERNMENT PROPERTY
AND
PROHIBITING TRANSACTIONS WITH IRAQ

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(c) Any dealing by a United States person related to property of Iraqi origin exported from Iraq after August 6, 1990, or property intended for exportation from Iraq to any country, or exportation to Iraq from any country, or any activity of any kind that promotes or is intended to promote such dealing;

(d) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Iraq, or to activities by any such person within Iraq, after the date of this order, other than transactions necessary to

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effect (i) such person's departure from Iraq, (ii) travel and activities for the conduct of the official business of the Federal Government or the United Nations, or (iii) travel for journalistic activity by persons regularly employed in such capacity by a news-gathering organization;

(e) Any transaction by a United States person relating to transportation to or from Iraq; the provision of transportation to or from the United States by any Iraqi person or any vessel or aircraft of Iraqi registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 et seq.), of any transportation by air that includes any stop in Iraq;

(f) The performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Iraq;

(g) Except as otherwise authorized herein, any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any United States person to the Government of Iraq or any other person in Iraq;

(h) Any transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order.

Sec. 3. For purposes of this order:

(a) the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration.

(b) the term "Government of Iraq" includes the Government of Iraq, its agencies, instrumentalities and controlled entities, and the Central Bank of Iraq.

Sec. 4. This order is effective immediately.

Sec. 5. 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, as may be necessary to carry out the purposes of this order. Such actions may include prohibiting or regulating payments or transfers of any property or any transactions involving the transfer of anything of economic value by any United States person to the Government of Iraq, or to any Iraqi national or entity owned or controlled, directly or indirectly, by the Government of Iraq or Iraqi nationals. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the Federal Government are directed to take all appropriate measures within their authority to carry out the provisions of this order, including the suspension or termination of licenses or other authorizations in effect as of the date of this order.

Sec. 6. Executive Order No. 12722 of August 2, 1990, is hereby revoked to the extent inconsistent with this order. All delegations, rules, regulations, orders, licenses, and other forms of administrative action made, issued, or otherwise taken under Executive Order No. 12722 and not revoked administratively shall remain in full force and effect under this order until

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effect (i) such person's departure from Iraq, (ii) travel and activities for the conduct of the official business of the Federal Government or the United Nations, or (iii) travel for journalistic activity by persons regularly employed in such capacity by a news-gathering organization;

(e) Any transaction by a United States person relating to transportation to or from Iraq; the provision of transportation to or from the United States by any Iraqi person or any vessel or aircraft of Iraqi registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 et seq.), of any transportation by air that includes any stop in Iraq;

(f) The performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Iraq;

(g) Except as otherwise authorized herein, any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any United States person to the Government of Iraq or any other person in Iraq;

(h) Any transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order.

Sec. 3. For purposes of this order:

(a) the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration.

(b) the term "Government of Iraq" includes the Government of Iraq, its agencies, instrumentalities and controlled entities, and the Central Bank of Iraq.

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Sec. 6. Executive Order No. 12722 of August 2, 1990, is hereby revoked to the extent inconsistent with this order. All delegations, rules, regulations, orders, licenses, and other forms of administrative action made, issued, or otherwise taken under Executive Order No. 12722 and not revoked administratively shall remain in full force and effect under this order until

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amended, modified, or terminated by proper authority. The revocation of any provision of Executive Order No. 12722 pursuant to this section shall not affect any violation of any rules, regulations, orders, licenses, or other forms of administrative action under that order during the period that such provision of that order was in effect.

This order shall be transmitted to the Congress and published in the Federal Register.

GEORGE BUSH

THE WHITE HOUSE,
August 9, 1990.

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amended, modified, or terminated by proper authority. The revocation of any provision of Executive Order No. 12722 pursuant to this section shall not affect any violation of any rules, regulations, orders, licenses, or other forms of administrative action under that order during the period that such provision of that order was in effect.

This order shall be transmitted to the Congress and published in the Federal Register.

GEORGE BUSH

THE WHITE HOUSE,
August 9, 1990.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 10, 1990

EXECUTIVE ORDER

12275

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BLOCKING KUWAITI GOVERNMENT PROPERTY
AND
PROHIBITING TRANSACTIONS WITH KUWAIT

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 301 of title 3 of the United States Code, and the United Nations Participation Act (22 U.S.C. 287c), in view of United Nations Security Council Resolution No. 661 of August 6, 1990, and in order to take additional steps with respect to Iraq's invasion of Kuwait and the national emergency declared in Executive Order No. 12722,

I, GEORGE BUSH, President of the United States of America, hereby order:

Section 1. Except to the extent provided in regulations that may hereafter be issued pursuant to this order, all property and interests in property of the Government of Kuwait that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, including their overseas branches, are blocked.

Sec. 2. The following are prohibited, except to the extent provided in regulations that may hereafter be issued pursuant to this order:

(a) The importation into the United States of any goods or services of Kuwaiti origin, or any activity that promotes or is intended to promote such importation;

(b) The exportation to Kuwait, or to any entity operated from Kuwait or owned or controlled by the Government of Kuwait, directly or indirectly, of any goods, technology (including technical data or other information), or services either (i) from the United States, or (ii) requiring the issuance of a license by a Federal agency, or any activity that promotes or is intended to promote such exportation, except donations of articles intended to relieve human suffering, such as food and supplies intended strictly for medical purposes;

(c) Any dealing by a United States person related to property of Kuwaiti origin exported from Kuwait after August 6, 1990, or property intended for exportation from Kuwait to any country or exportation to Kuwait from any country, or any activity of any kind that promotes or is intended to promote such dealing;

(d) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Kuwait, or to activities by any such person within Kuwait, after the date of this order, other than transactions necessary

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(OVER)

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

August 10, 1990

EXECUTIVE ORDER
12275
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BLOCKING KUWAITI GOVERNMENT PROPERTY
AND
PROHIBITING TRANSACTIONS WITH KUWAIT

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 301 of title 3 of the United States Code, and the United Nations Participation Act (22 U.S.C. 287c), in view of United Nations Security Council Resolution No. 661 of August 6, 1990, and in order to take additional steps with respect to Iraq's invasion of Kuwait and the national emergency declared in Executive Order No. 12722,

I, GEORGE BUSH, President of the United States of America, hereby order:

Section 1. Except to the extent provided in regulations that may hereafter be issued pursuant to this order, all property and interests in property of the Government of Kuwait that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, including their overseas branches, are blocked.

Sec. 2. The following are prohibited, except to the extent provided in regulations that may hereafter be issued pursuant to this order:

(a) The importation into the United States of any goods or services of Kuwaiti origin, or any activity that promotes or is intended to promote such importation;

(b) The exportation to Kuwait, or to any entity operated from Kuwait or owned or controlled by the Government of Kuwait, directly or indirectly, of any goods, technology (including technical data or other information), or services either (i) from the United States, or (ii) requiring the issuance of a license by a Federal agency, or any activity that promotes or is intended to promote such exportation, except donations of articles intended to relieve human suffering, such as food and supplies intended strictly for medical purposes;

(c) Any dealing by a United States person related to property of Kuwaiti origin exported from Kuwait after August 6, 1990, or property intended for exportation from Kuwait to any country or exportation to Kuwait from any country, or any activity of any kind that promotes or is intended to promote such dealing;

(d) Any transaction by a United States person relating to travel by any United States citizen or permanent resident alien to Kuwait, or to activities by any such person within Kuwait, after the date of this order, other than transactions necessary

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(OVER)

to effect (i) such person's departure from Kuwait, (ii) travel and activities for the conduct of the official business of the Federal Government or the United Nations, or (iii) travel for journalistic activity by persons regularly employed in such capacity by a news-gathering organization;

(e) Any transaction by a United States person relating to transportation to or from Kuwait; the provision of transportation to or from the United States by any Kuwaiti person or any vessel or aircraft of Kuwaiti registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 et seq.), of any transportation by air that includes any stop in Kuwait;

(f) The performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Kuwait;

(g) Except as otherwise authorized herein, any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any United States person to the Government of Kuwait or any other person in Kuwait;

(h) Any transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order.

Sec. 3. For purposes of this order:

(a) the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration.

(b) the term "Government of Kuwait" includes the Government of Kuwait or any entity purporting to be the Government of Kuwait, its agencies, instrumentalities and controlled entities, and the Central Bank of Kuwait.

Sec. 4. This order is effective immediately.

Sec. 5. 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, as may be necessary to carry out the purposes of this order. Such actions may include prohibiting or regulating payments or transfers of any property or any transactions involving the transfer of anything of economic value by any United States person to the Government of Kuwait, or to any Kuwaiti national or entity owned or controlled, directly or indirectly, by the Government of Kuwait or Kuwaiti nationals. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the Federal Government are directed to take all appropriate measures within their authority to carry out the provisions of this order, including the suspension or termination of licenses or other authorizations in effect as of the date of this order.

Sec. 6. Executive Order No. 12723 of August 2, 1990, is hereby revoked to the extent inconsistent with this order. All delegations, rules, regulations, orders, licenses, and other forms of administrative action made, issued, or otherwise taken under Executive Order No. 12723 and not revoked administratively shall remain in full force and effect under this order until

more

to effect (i) such person's departure from Kuwait, (ii) travel and activities for the conduct of the official business of the Federal Government or the United Nations, or (iii) travel for journalistic activity by persons regularly employed in such capacity by a news-gathering organization;

(e) Any transaction by a United States person relating to transportation to or from Kuwait; the provision of transportation to or from the United States by any Kuwaiti person or any vessel or aircraft of Kuwaiti registration; or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 et seq.), of any transportation by air that includes any stop in Kuwait;

(f) The performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Kuwait;

(g) Except as otherwise authorized herein, any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any United States person to the Government of Kuwait or any other person in Kuwait;

(h) Any transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, any of the prohibitions set forth in this order.

Sec. 3. For purposes of this order:

(a) the term "United States person" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration.

(b) the term "Government of Kuwait" includes the Government of Kuwait or any entity purporting to be the Government of Kuwait, its agencies, instrumentalities and controlled entities, and the Central Bank of Kuwait.

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amended, modified, or terminated by proper authority. The revocation of any provision of Executive Order No. 12723 pursuant to this section shall not affect any violation of any rules, regulations, orders, licenses, or other forms of administrative action under that order during the period that such provision of that order was in effect.

This order shall be transmitted to the Congress and published in the Federal Register.

GEORGE BUSH

THE WHITE HOUSE,
August 9, 1990.

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THE WHITE HOUSE,
August 9, 1990.

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WASHINGTON

AUG 05 1990

Dear Mr. Patrikis:

You have asked about the status of various banks under Executive Order No. 12723 signed by President Bush on August 2, 1990, blocking all property in which the Government of Kuwait has an interest. We have had only a brief time to consider this question and, based on the information available to us within this period and consultation with the Government of Kuwait, we have determined that the banks listed below in Category I should be considered blocked entities owned by the Government of Kuwait.

Category II contains the names of banks that should not be considered blocked entities, based on the information available to us at this time. However, we will need further information from these banks by August 18, concerning their ownership and control, if they are to continue to be included in Category II.

Category III contains the names of banks in which the Government of Kuwait and the government of another country subject to sanctions under the International Emergency Economic Powers Act each have a substantial ownership interest. We are reviewing with these institutions relevant issues pertaining to ownership and control. We anticipate making a final determination regarding their status by August 18, 1990. In the meantime, we are licensing transactions between these banks and persons subject to the jurisdiction of the United States. The range of such licensed transactions will be the same as the range of permitted transaction between persons subject to the jurisdiction of the United States and banks listed in Category II. No such transactions may result in the transfer of funds to the Government of Kuwait or the Government of Iraq.

Finally, Category IV banks are those in which we have learned the Government of Kuwait has such a significant financial stake by virtue of loans and guarantees as to be considered in de facto control and, thus, these banks are also blocked. The limitation applicable to transactions by persons subject to U.S. jurisdiction with Category I banks will also be applicable to transactions by such persons with Category IV banks.

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CATEGORY I

Bank of Kuwait & Middle East
Burgan Bank
Central Bank of Kuwait
Credit de Bergues
Kuwait Finance House
Savings and Credit Bank

CATEGORY II

Bahrain Middle East Bank
Banco Atlantico
Dao Heng Bank
Gulf International Bank B.S.C.
Kuwait and Bahrain Bank
Kuwait French Bank
Kuwait Real Estate Bank
National Bank of Kuwait
Swiss Kuwaiti Bank
UBAF Arab American Bank
United Bank of Kuwait

CATEGORY III

Arab African International Bank
Arab Banking Corp
Arab Hellenic Bank
Arab Turkish Bank
Banco Arabe Espanol

CATEGORY IV

Al-Ahlie Bank of Kuwait
Commercial Bank of Kuwait
Industrial Bank of Kuwait
The Gulf Bank

Sincerely,



R. Richard Newcomb
Director

Office of Foreign Assets Control

Ernest T. Patrikis
General Counsel and
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

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Director
Office of Foreign Assets Control

Ernest T. Patrikis
General Counsel and
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045



DEPARTMENT OF THE TREASURY.
WASHINGTON

AUG 12 1990

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Bahrain Middle East Bank
Dao Heng Bank
Gulf International Bank
Bank of Bahrain and Kuwait
Kuwait French Bank
National Bank of Kuwait
Swiss Kuwaiti Bank
UBAF Arab American Bank
United Bank of Kuwait

We have determined that the following bank should be included with those listed in Category IV (i.e., blocked):

Kuwait Real Estate Bank

We will complete our review of the status of the remaining bank in Category II shortly. The fact that we have yet to complete our review of this bank should not be viewed as an indication that its (not-blocked) status will change.

Sincerely,

R. Richard Newcomb
Director
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Ernest T. Patrikis
General Counsel and
Executive Vice President
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Federal Reserve Bank of New York
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New York, New York 10045



DEPARTMENT OF THE TREASURY
WASHINGTON

FAC No. 118307

AUG 15 1990

Dear Mr. Patrikis:

In my letter to you of August 5, 1990, I set forth the status of various banks under Executive Order No. 12723. Since that date we have received additional information concerning certain banks listed in Categories II & III of that letter regarding their ownership and control. Based on that information, we have determined that the following banks should not be considered blocked entities under Executive Order No. 12723 and Executive Order No. 12725 of August 9, 1990:

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R. Richard Newcomb
Director
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Ernest T. Patrikis
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Director

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Executive Vice President
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33 Liberty Street
New York, New York 10045

**AUCTION
RESULTS**

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
August 13, 1990

1990 150001544

CONTACT: Office of Financing
202/376-4350

RESULTS OF TREASURY'S WEEKLY BILL AUCTIONS

Tenders for \$9,239 million of 13-week bills and for \$9,219 million of 26-week bills, both to be issued on August 16, 1990, were accepted today.

RANGE OF ACCEPTED COMPETITIVE BIDS:	13-week bills			:	26-week bills		
	maturing November 15, 1990			:	maturing February 14, 1991		
	Discount	Investment		:	Discount	Investment	
	Rate	Rate 1/	Price	:	Rate	Rate 1/	Price
Low	7.38%	7.62%	98.135	:	7.28%	7.66%	96.320
High	7.41%	7.66%	98.127	:	7.32%	7.71%	96.299
Average	7.41%	7.66%	98.127	:	7.31%	7.70%	96.304

Tenders at the high discount rate for the 13-week bills were allotted 64%.
Tenders at the high discount rate for the 26-week bills were allotted 30%.

TOTAL TENDERS RECEIVED AND ACCEPTED BY FEDERAL RESERVE DISTRICTS

(In Thousands)

Location	Received	Accepted	:	Received	Accepted
Boston	\$ 40,195	\$ 40,195	:	\$ 36,540	\$ 36,540
New York	25,932,665	7,545,130	:	23,677,505	7,825,805
Philadelphia	24,535	24,535	:	26,200	26,200
Cleveland	57,800	57,800	:	43,095	43,095
Richmond	123,190	89,190	:	53,935	53,935
Atlanta	35,765	35,405	:	33,335	33,335
Chicago	2,016,940	321,500	:	1,851,080	316,080
St. Louis	41,890	21,890	:	23,545	18,145
Minneapolis	19,570	12,770	:	7,310	7,310
Kansas City	38,485	38,485	:	49,095	49,095
Dallas	38,405	28,405	:	29,965	21,465
San Francisco	853,905	213,690	:	717,075	142,375
Treasury	809,805	809,805	:	645,160	645,160
TOTALS	\$30,033,150	\$9,238,800	:	\$27,193,840	\$9,218,540
Type			:		
Competitive	\$25,754,765	\$4,960,415	:	\$23,029,425	\$5,054,125
Noncompetitive	1,756,525	1,756,525	:	1,321,065	1,321,065
Subtotal, Public	\$27,511,290	\$6,716,940	:	\$24,350,490	\$6,375,190
Federal Reserve	2,382,710	2,382,710	:	2,350,000	2,350,000
Foreign Official Institutions	139,150	139,150	:	493,350	493,350
TOTALS	\$30,033,150	\$9,238,800	:	\$27,193,840	\$9,218,540

An additional \$19,050 thousand of 13-week bills and an additional \$53,650 thousand of 26-week bills will be issued to foreign official institutions for new cash.

1/ Equivalent coupon-issue yield.

AUCTION RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
August 13, 1990

Aug 14 00 01 54 4

CONTACT: Office of Financing
202/376-4350

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Atlanta	35,765	35,405	:	33,335	33,335
Chicago	2,016,940	321,500	:	1,851,080	316,080
St. Louis	41,890	21,890	:	23,545	18,145
Minneapolis	19,570	12,770	:	7,310	7,310
Kansas City	38,485	38,485	:	49,095	49,095
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DEPARTMENT OF THE TREASURY
WASHINGTON

FAC No. 118307

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Sincerely,

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Director
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AUGUST 5, 1990

Acknowledgment of Filing of Statements

The Embassy of Kuwait has filed statements concerning certain Kuwaiti-controlled firms in the U.S. Accordingly, U.S. financial institutions are hereby authorized until August 25, 1990, to accept deposits and clear checks written on the blocked accounts of the Kuwaiti-controlled firms in the United States listed below (including their subsidiaries and affiliates) and in general to operate such firms' blocked bank accounts, provided that no benefit to the Government of Iraq arises from transactions in the blocked accounts:

Santa Fe International Corporation

Fosterlane Holdings Corporation

Crescent Holdings, Inc.

Wafra Intervest Corporation (Cayman)

KFIC, Inc.

Georgetown Industries, Inc.

Any questions regarding this acknowledgment may be directed to the Blocked Assets Section, Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220 (telephone 202-535-4026).

R. Richard Newcomb

Director

Office of Foreign Assets Control



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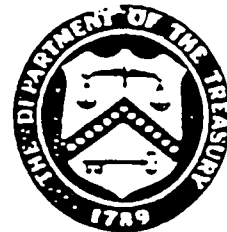
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R. Richard Newcomb
Director
Office of Foreign Assets Control

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE
August 3, 1990

Contact: Barbara Clay, 566-2041
Cheryl Crispen, 566-5252

THE TREASURY DEPARTMENT TODAY ANNOUNCED THE FOLLOWING ACTIONS:

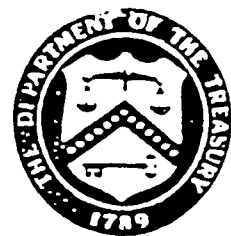
1. OIL CONTRACTS ENTERED INTO PRIOR TO AUGUST 2, 1990, AND ENROUTE TO THE UNITED STATES

Importation of Iraqi and Kuwaiti oil will be permitted where (1) the oil was loaded prior to the effective date (5:01 a.m. Eastern Daylight Time (EDT), August 2, 1990), was intended for ultimate delivery to the United States, and was imported into the United States before 11:59 p.m. EDT, October 1, 1990; (2) the Bill of Lading was issued prior to the effective date; (3) any balance not yet paid to Iraq or Kuwait for the shipment must be paid into a blocked account in the United States; and (4) such transaction is reported to the Blocked Assets Section, Office of Foreign Assets Control.

2. TRANSACTIONS OF KUWAITI-CONTROLLED U.S. FIRMS

A general license will be issued authorizing U.S. financial institutions to accept deposits and clear checks written on the blocked accounts of Kuwaiti-controlled firms in the United States, and in general to operate such firms' blocked bank accounts, provided that no benefit to the Government of Iraq arises from transactions in the blocked accounts. In order to utilize the general license, Kuwaiti-controlled firms will be required to register with the Office of Foreign Assets Control's Blocked Assets Section. Financial institutions holding such firms' accounts will be required to verify that registration had occurred. This will facilitate the normal day-to-day financial functions of Kuwaiti firms in the United States and permit payment of employees and creditors and the purchase of goods and services in the ordinary course of the firms' business.

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE
August 3, 1990

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Cheryl Crispen, 566-5252

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3. REINVESTMENT AUTHORITY

In the management of portfolio investments and securities blocked pursuant to Executive Order 12723 representing interests of the Government of Kuwait, bank and investment companies will be authorized to manage such blocked property and to reinvest the proceeds of such property in assets subject to the jurisdiction in the United States, provided that no investment results in an otherwise prohibited transfer of financial or economic benefit to the Government of Iraq. Prior to engaging in any transaction pursuant to this general license, the U.S. person must register with the Blocked Assets Section, Office of Foreign Assets Control, and provide regular reports as directed concerning such transactions.

4. COMPLETION OF FOREIGN EXCHANGE CONTRACTS

Foreign exchange contracts entered into for the account of the Government of Kuwait prior to 5:00 a.m. EDT, August 2, 1990, may be completed, provided: (1) all exchange transactions are completed prior to August 16, 1990; (2) funds are received in the U.S. prior to payment; and (3) all payments received for the account of the Government of Kuwait go into a blocked account.

The Treasury Department expects to issue regulations shortly.

3. REINVESTMENT AUTHORITY

In the management of portfolio investments and securities blocked pursuant to Executive Order 12723 representing interests of the Government of Kuwait, bank and investment companies will be authorized to manage such blocked property and to reinvest the proceeds of such property in assets subject to the jurisdiction in the United States, provided that no investment results in an otherwise prohibited transfer of financial or economic benefit to the Government of Iraq. Prior to engaging in any transaction pursuant to this general license, the U.S. person must register with the Blocked Assets Section, Office of Foreign Assets Control, and provide regular reports as directed concerning such transactions.

4. COMPLETION OF FOREIGN EXCHANGE CONTRACTS

Foreign exchange contracts entered into for the account of the Government of Kuwait prior to 5:00 a.m. EDT, August 2, 1990, may be completed, provided: (1) all exchange transactions are completed prior to August 16, 1990; (2) funds are received in the U.S. prior to payment; and (3) all payments received for the account of the Government of Kuwait go into a blocked account.

The Treasury Department expects to issue regulations shortly.



DEPARTMENT OF THE TREASURY
WASHINGTON

AUG 05 1990

Dear Mr. Patrikis:

You have asked about the status of various banks under Executive Order No. 12723 signed by President Bush on August 2, 1990, blocking all property in which the Government of Kuwait has an interest. We have had only a brief time to consider this question and, based on the information available to us within this period and consultation with the Government of Kuwait, we have determined that the banks listed below in Category I should be considered blocked entities owned by the Government of Kuwait.

Category II contains the names of banks that should not be considered blocked entities, based on the information available to us at this time. However, we will need further information from these banks by August 18, concerning their ownership and control, if they are to continue to be included in Category II.

Category III contains the names of banks in which the Government of Kuwait and the government of another country subject to sanctions under the International Emergency Economic Powers Act each have a substantial ownership interest. We are reviewing with these institutions relevant issues pertaining to ownership and control. We anticipate making a final determination regarding their status by August 18, 1990. In the meantime, we are licensing transactions between these banks and persons subject to the jurisdiction of the United States. The range of such licensed transactions will be the same as the range of permitted transaction between persons subject to the jurisdiction of the United States and banks listed in Category II. No such transactions may result in the transfer of funds to the Government of Kuwait or the Government of Iraq.

Finally, Category IV banks are those in which we have learned the Government of Kuwait has such a significant financial stake by virtue of loans and guarantees as to be considered in de facto control and, thus, these banks are also blocked. The limitation applicable to transactions by persons subject to U.S. jurisdiction with Category I banks will also be applicable to transactions by such persons with Category IV banks.



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CATEGORY I

Bank of Kuwait & Middle East
Burgan Bank
Central Bank of Kuwait
Credit de Bergues
Kuwait Finance House
Savings and Credit Bank

CATEGORY II

Bahrain Middle East Bank
Banco Atlantico
Dao Heng Bank
Gulf International Bank B.S.C.
Kuwait and Bahrain Bank
Kuwait French Bank
Kuwait Real Estate Bank
National Bank of Kuwait
Swiss Kuwaiti Bank
UBAF Arab American Bank
United Bank of Kuwait

CATEGORY III

Arab African International Bank
Arab Banking Corp
Arab Hellenic Bank
Arab Turkish Bank
Banco Arabe Espanol

CATEGORY IV

Al-Ahlie Bank of Kuwait
Commercial Bank of Kuwait
Industrial Bank of Kuwait
The Gulf Bank

Sincerely,



R. Richard Newcomb
Director
Office of Foreign Assets Control

Ernest T. Patrikis
General Counsel and
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

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DEPARTMENT OF THE TREASURY
WASHINGTON

AUG 12 1990

Dear Mr. Patrikis:

In my letter to you of August 5, 1990, I set forth the status of various banks under Executive Order No. 12723. Since that date we have received additional information concerning certain banks listed in Category II of that letter regarding their ownership and control. Based on the information we have received, we have determined that the following banks should not be considered blocked entities under Executive Order No. 12723 and Executive Order No. 12725 of August 9, 1990:

Bahrain Middle East Bank
Dao Heng Bank
Gulf International Bank
Bank of Bahrain and Kuwait
Kuwait French Bank
National Bank of Kuwait
Swiss Kuwaiti Bank
UBAF Arab American Bank
United Bank of Kuwait

We have determined that the following bank should be included with those listed in Category IV (i.e., blocked):

Kuwait Real Estate Bank

We will complete our review of the status of the remaining bank in Category II shortly. The fact that we have yet to complete our review of this bank should not be viewed as an indication that its (not-blocked) status will change.

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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

TEXT AS PREPARED

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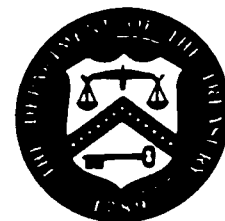
STATEMENT BY
THE HONORABLE DAVID C. MULFORD
UNDER SECRETARY OF THE TREASURY FOR INTERNATIONAL AFFAIRS
BEFORE THE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
August 14, 1990

Mr. Chairman and Members of the Committee:

The Treasury Department welcomes this opportunity to discuss with you issues relating to (1) U.S. intervention in the foreign exchange markets, and the use of the Exchange Stabilization Fund (ESF) to finance Treasury's participation in these and in other foreign exchange operations, and (2) U.S. support of "Brady Plan" measures designed to reduce the debt and debt service burden of debtor nations that are undertaking economic reforms. I believe these hearings will provide a useful supplement to our appearances every six months before the Committee, and its Subcommittee on International Finance, Trade and Monetary Policy, to discuss our periodic reports on international economic and exchange rate policy.

The first part of my statement will address issues related to the ESF, including intervention. The second part will address Brady Plan issues.

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Exchange Stabilization Fund

In order to support and give meaning to a nation's international financial policy, its monetary authorities require a mechanism to undertake foreign exchange operations. For the United States Government, that instrument is the Exchange Stabilization Fund in the Department of the Treasury.

The preceding two decades have witnessed globalization of the world economy and financial markets which, while beneficial, has changed the nature and scope of strains on the balance of payments adjustment process. For industrialized countries, there is greater latitude for the exchange rate to fluctuate. Within the past decade, problems of indebtedness have arisen for some developing countries, with serious implications for world financial markets. Short-term "bridge loans", extended under exacting standards, have played a role in dealing with these problems.

The Treasury's ESF is the only instrument within the U.S. Government which is constituted and empowered to respond rapidly and flexibly to international financial disruptions, which can impact adversely on production, employment and prices in the U.S. economy. It enables the United States to fulfill our responsibilities and exercise leadership in world financial affairs, while still subjecting the extent and nature of its operations to the close scrutiny of the Congress.

Purpose and Authority for Transactions

The ESF was created by Section 10 of the Gold Reserve Act of 1934, which is now codified at 31 United States Code Section 5302. The current Section 5302 incorporates various amendments, particularly those reflecting establishment of the International Monetary Fund and later changes in the IMF's Articles of Agreement. The ESF provides a powerful and flexible means for the Secretary of the Treasury, with the approval of the President, to support the obligations of the United States in the IMF, especially with respect to the provisions of the IMF's Articles of Agreement which concern orderly exchange arrangements and a stable system of exchange rates.

Section 5302 provides broad authority for the Secretary ". . . to deal in gold, foreign exchange and other instruments of credit and securities the Secretary considers necessary." It also provides that the Secretary's decisions "are final and may not be reviewed by another officer or employee of the Government."

The legislative history of the ESF's creation in 1934 demonstrates that Congress sought to pattern the ESF after the British exchange equalization fund, which had been successful in increasing the Bank of England's gold and foreign exchange reserves

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The legislative history of the ESF's creation in 1934 demonstrates that Congress sought to pattern the ESF after the British exchange equalization fund, which had been successful in increasing the Bank of England's gold and foreign exchange reserves

and in sharply reducing the British trade deficit. Congress realized from the outset that the "only feasible method" by which the United States could duplicate the success of the British fund would be to commit the operations of the ESF to the exclusive control of the Secretary of the Treasury, and to veil those operations "in the greatest secrecy." [78 Cong. Rec. 966 (January 20, 1934)]

Throughout the history of the ESF, Congress has chosen not to limit this broad grant of authority or to subject the ESF to outside scrutiny or supervision. Vesting control of the ESF in a single official reflects Congressional recognition of both the need for swift action in situations of deteriorating confidence, and the difficulty of foreseeing the nature and extent of international financial disturbances. Although Congress clothed the operations of the ESF with complete confidentiality, it has retained its prerogative for continuing review of the ESF's operations through periodic reporting on the activities and accounts of the ESF, and the availability of Treasury officials for public testimony and informal briefings.

The statute imposes no limits on the volume or composition of the ESF's assets. Nor does it limit how these assets are employed, other than that they be employed in a manner consistent with the obligations of the United States in the International Monetary Fund. Purchasing foreign currency for dollars, or dollars for foreign currency, constitutes dealing in foreign exchange and thus is clearly authorized by the language of the statute. Purchases of foreign currency from, and sales of foreign currency to, the Federal Reserve fall in this category.

Similarly, the Secretary has broad authority to incur liabilities on behalf of the ESF, as specified in his authority to deal in instruments of credit and securities. That is, he may borrow dollars or foreign exchange to the extent necessary to carry out the purposes of the ESF. However, there is no statutory provision authorizing the Federal Reserve to lend to the ESF.

In this regard, I would note that another statute, the Special Drawing Rights Act of 1968, which is codified at 22 U.S.C. 286 and subsequent sections, provides explicitly for the issuance by the Secretary of Special Drawing Right Certificates to the Federal Reserve Banks in exchange for cash in order to finance the acquisition of SDRs or other ESF operations. Such certificates, the amount of which cannot exceed the value of SDRs held by the ESF, are currently the only significant entry on the liability side of the ESF's balance sheet apart from SDR allocations and net worth.

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Secretaries of the Treasury are sensitive to the need to employ their authority judiciously and to keep Congress informed of their exercise of it and of the financial condition of the ESF, which, I wish to emphasize, is extremely sound.

Sources of Funds for the ESF

Appended to my statement is the summary balance sheet of the ESF as of end-1989 (latest published data), which sets forth the sources of ESF funds. It can be seen from the Liabilities and Capital section that the main sources are (a) the substantial retained earnings accumulated by the ESF, particularly in recent years, (b) the cumulative allocation of SDRs by the IMF and (c) the issuance of SDR certificates to the Federal Reserve. Paid-in capital, reflecting funds appropriated to the ESF in 1934, now amounts to \$200 million after taking into account the use of \$1.8 billion (of the \$2 billion of funds originally appropriated in 1934) for the initial U.S. quota subscription in the IMF, as provided for in the Bretton Woods Agreements Act of 1945. The item "Advance from U.S. Treasury" (now \$1,067 million) represents the residual of a non-interest bearing liability to the General Fund of the U.S. Treasury resulting from the transfer to the ESF of foreign currencies purchased from the IMF by the United States in 1978, and an equivalent amount of dollars are held, interest-free, with the General Fund. This advance was charged to an appropriation provided in 1976.

In sum, the ESF uses a combination of funds that were either originally appropriated by Congress or obtained from a source other than the U.S. Treasury in accordance with the basic legislation for ESF operations or other specific authorizing legislation. Accordingly, further appropriations for ESF operations are not necessary unless the ESF were to deplete its net worth and be unable to meet its obligations.

This status reflects the revolving, monetary nature of ESF transactions, which largely entail the exchange of one monetary asset for another as contrasted to the purchase of a good or service.

Warehousing

From time-to-time, the ESF may hold foreign currencies which it wishes to exchange for dollars in order to execute its responsibilities. For example, its holdings of dollars may have declined because of intervention activity or because of activation of swap agreements, particularly those entailing "bridge loans" to indebted countries. Warehousing entails a transaction with the Federal Reserve System in the form of a sale of foreign currency to the System and a simultaneous repurchase of that foreign currency for future delivery at the same price, i.e., a currency swap.

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As a warehousing transaction takes the form of purchases and sales of one currency against another, no instruments of indebtedness are created. In other words, there is no loan but rather an exchange of assets. For the same reason and because they serve to facilitate ESF operations, which do not require further appropriations, warehousing transactions do not themselves constitute budget receipts or expenditures, although they usually generate realized gains or losses, which do affect the budget.

As noted above, the basic authority to deal in foreign exchange provided in Section 5302 extends to warehousing operations. However, unlike the requirement that the Federal Reserve accept SDR certificates from the Secretary, the authority in Section 5302 does not obligate the Federal Reserve to agree to warehousing.

Coordination of Intervention Activities with the Federal Reserve

The Treasury Department and the Federal Reserve cooperate closely in undertaking foreign exchange operations. While the Secretary of the Treasury is the principal financial officer of the United States and is the United States Governor of the International Monetary Fund, the Chairman of the Board of Governors of the Federal Reserve System is closely involved in the determination of U.S. international financial policy. He is the Alternate U.S. Governor of the IMF, and he or his representative participates in many of the other international meetings at which the United States coordinates international financial policy with other countries. Moreover, he and the Secretary have frequent informal discussions.

Treasury welcomes the role of the Federal Reserve both as a participant with its own funds in U.S. foreign exchange operations and as an advisor and agent for Treasury's participation in those operations. As fiscal agent for the ESF, the Federal Reserve Bank of New York is legally obliged to execute foreign exchange operations for the account of the ESF at the direction of Treasury.

Treasury does not have the legal authority to direct the Federal Reserve System to undertake foreign exchange operations for the System's account, nor does it have the authority to block operations which the System wishes to undertake. However, we are confident that the lack of such authority does not constitute a meaningful constraint on the executive responsibility which rests with the President and the Secretary of the Treasury for decisions on and implementation of the international financial policy of the United States. Close coordination on intervention questions is evident in the normal practice of financing equal shares of total U.S. intervention; any different division for the most part reflects, except in rare instances, technical reasons such as the respective availabilities of different currencies.

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Reports from this Committee accompanying legislation on U.S. participation in the International Monetary Fund set forth the expectation of the Committee that the international financial transactions of the Federal Reserve System will continue to be fully consistent with the policies determined by the President and the Secretary. In testimony, and in correspondence with Congress and each other, Treasury and the Federal Reserve have confirmed that foreign exchange operations of the Federal Reserve will be consistent with the international financial policy of the United States. The Treasury Department believes that this record and our experience provide adequate assurances that the Federal Reserve's operations will be fully coordinated with those of the Treasury.

Effectiveness of Intervention

In our October 1988 Report to Congress on International Economic and Exchange Rate Policy, we concluded that official intervention in the currency market can have a positive effect on foreign exchange market expectations, with important spillover effects in domestic securities and money markets. We also concluded that intervention had played a useful complementary role in supporting the economic policy coordination efforts of major nations. We continue to hold these views, which are consistent with the views of policy makers in other countries.

I wish to emphasize that intervention is only one element of U.S. international financial policy and must be seen in the context of our overall efforts to coordinate economic policies among the major industrial countries. These efforts, which originated in the so-called Plaza Agreement of September 1985 and led to the Louvre Accord of February 1987, have been refined and institutionalized since then through periodic meetings of the "G-7" Finance Ministers and Central Bank Governors. They have contributed in a very important way to the improved performance of the U.S. economy -- and of the world economy -- that we have witnessed in recent years, and to the greater stability of exchange rates which was one of the objectives of the Louvre Accord.

It is not possible to estimate with any degree of confidence a quantitative relationship between intervention and the performance of real economic variables. Indeed, given the complexity of financial markets, it is unlikely that a consistent relationship exists. For instance, the sensitivity of the exchange market to intervention can vary considerably. A key question is the degree to which market participants believe that the intervention is consistent with the trends of fundamental economic variables such as growth, interest rates, inflation and the trade balance, or signals the willingness of policy makers to change economic policies that affect these variables.

I believe that the enhancement of economic policy coordination among major countries is an important factor in this assessment by

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I believe that the enhancement of economic policy coordination among major countries is an important factor in this assessment by

market participants. The perception that policy makers are now more likely to be employing intervention on the basis of jointly determined objectives has increased the potential for our intervention to have a useful impact. In turn, the agreement of U.S. authorities to intervene in cooperation with other major nations has probably enabled those countries to be more responsive to our recommendations on their policies.

Prior to the Plaza Agreement, the dollar had appreciated sharply and become seriously misaligned, rendering important sectors of U.S. industry uncompetitive in world markets and giving rise to protectionist pressures and financial market instability. At Plaza, the major countries agreed on new policy undertakings consistent with balance of payments adjustment requirements, including a gradual and substantial depreciation of the dollar to improve U.S. competitiveness.

The relatively small amount of intervention sales of dollars undertaken after this agreement encouraged the exchange market to determine a value for the dollar that was far more reflective of competitive realities. Since Plaza and Louvre, the major industrial nations have sought to maintain exchange rates at levels more consistent with underlying economic fundamentals. Intervention has played a role in this effort, and at times the amount of intervention has been substantial.

The process of greater coordination of economic policies has had considerable success. With economic growth averaging over three percent a year between 1985 and 1989, more than ten million jobs have been added to the U.S. economy. A marked improvement in net exports, a consequence of increased U.S. competitiveness, has contributed importantly to this favorable trend and is a leading source of strength of current economic activity. By mid-1990, the trade deficit had declined roughly \$60 billion from its 1987 peak - - on average diminishing some 16-17 percent a year. Intervention sales of dollars when the dollar had moved substantially above levels reached in 1987 have helped to limit or prevent erosion of this enhanced competitiveness.

Furthermore, while the dollar is substantially lower than it was in 1985, U.S. inflation has remained relatively subdued, although lower exchange rates normally tend to raise import prices. This performance was aided by intervention purchases of dollars in circumstances when the dollar was under substantial downward pressure but further depreciation did not appear warranted on competitiveness grounds. At times, U.S. securities markets exhibited considerable adverse effects from this downward pressure on the dollar. In such circumstances, further depreciation might have resulted in higher prices and interest rates, and reduced purchasing power and wealth of U.S. citizens, without a significant compensating benefit.

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We recognize that, at times, intervention may not be demonstrably successful, for instance because unusual market forces are operating. This was the case earlier this year when Japan's substantial financial market adjustment placed unusually strong and sustained pressure on the yen. At that time the yen continued to decline despite heavy intervention and despite the fundamental soundness of Japan's economy, although it is of course not possible to know how much further the yen might have declined without that intervention.

We also recognize that the impact of intervention can dissipate over time and that in the long run only more fundamental policies and performance matter. But there can be significant dislocations in the short run as a result of excessive fluctuation of exchange rates: firms can go bankrupt, individuals can lose their jobs and be unemployed for a few months before finding another, and trade and investment decisions can be deferred or distorted. Thus, failure to intervene may impose significant economic costs in some situations. For example, in some instances the failure of official institutions of the major industrial countries to intervene in exchange markets has been interpreted by market participants, the financial media, and even members of Congress, as signalling a breakdown in the economic policy coordination process. It is our firm belief that foreign exchange market intervention, by fostering greater stability in exchange rates and reinforcing the broader objectives of the G-7 economic policy coordination process, can make an important contribution to improving our welfare at home.

Sterilization of Intervention

Intervention undertaken by U.S. authorities is invariably sterilized. That is, the Federal Reserve routinely offsets the impact on banks' reserves of U.S. purchases or sales of foreign currency. Our decisions on intervention are taken on the presumption that it will be sterilized, and we do not believe that its effectiveness as a policy instrument is compromised as a result. If changes in bank reserves are desired, other policy tools are available.

Magnitude of U.S. Foreign Currency Holdings

Appended to my testimony is a table setting forth the growth of the foreign currency holdings of the ESF and the Federal Reserve since 1975. That growth was particularly large in 1989 and this year. It largely reflects the intervention sales of dollars undertaken to resist the upward pressure on the dollar in the exchange market, in accordance with policies agreed with other major nations at times when the dollar had appreciated to a degree which appeared to threaten continued progress in reducing our deficits on trade and current account.

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While these holdings are large compared to U.S. holdings in earlier years, they are relatively small when compared to the foreign exchange holdings of other major countries and to the size of the U.S. economy. Several other G-7 countries hold more foreign exchange in absolute terms than we do, and some non-G-7 countries do as well.

By one common scalar of adequacy of reserves -- number of months of imports covered by reserve holdings -- the United States' foreign exchange holdings are equal to one month's worth of imports, while other industrialized countries and most developing countries hold over two months' worth. Moreover, the proportion of total reserves (which also include gold, reserve position in the IMF and SDR holdings) represented by foreign currency holdings is considerably smaller in the case of the United States than for other countries.

Risks in Holding Foreign Currencies

The dollar value of U.S. foreign currency holdings increases when the dollar depreciates against the foreign currencies held and decreases when the dollar appreciates against them. It is normal that there will be periods of valuation losses as well as periods of valuation gains, just as it is normal that the dollar fluctuates over time. As our purchases of foreign currencies have on balance been made at relatively high levels of the dollar and our sales at relatively low levels, we have made substantial profits.

We believe that the risk of substantial valuation losses is relatively small, and is more than compensated by the potential benefits of being able to use our foreign currencies to cushion the domestic economy from the possible adverse effects of a sharp depreciation of the dollar. Also, there is no reason to believe that further gains are less likely than losses, and if losses do occur they are likely to be relatively small and offset only partly the significant gains made in recent years.

As the U.S. budget results are calculated on a cash basis, valuation gains and losses on the ESF's foreign currency holdings affect the budget deficit only when they are "realized" as a result of sale of foreign currencies. However, the Federal Reserve includes unrealized as well as realized gains in the calculation of overall profits on its operations, which profits are then largely paid to the Treasury and reflected in the budget as a miscellaneous receipt. Also affecting the budget are (a) interest received on the foreign currency holdings (and on other assets held by the ESF), and (b) as an exception to the cash basis of other transactions, valuation gains or losses on the ESF's net holdings of SDRs. In the case of the ESF, gains are reflected in the budget as negative outlays.

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The ESF's operations in recent years have made considerable contributions to reducing the budget deficit. The contribution exceeded \$1 billion in each of the previous three fiscal years.

Auditing of ESF Statements and Activities

During consideration of the 1934 legislation creating the ESF and again during debate on its extension in 1939, the Congress decided that the effectiveness of the ESF would be undercut unless the Secretary of the Treasury had total control over its operations and that his decisions could not be reviewed by any other officer of the United States Government. A suggestion in 1939 that the General Accounting Office conduct the annual audit of the Fund was rejected on the ground that giving outside auditors access to detailed analyses of its operations would compromise the need for confidentiality.

Although the GAO was given authority in 1970 to audit the administrative expenses of the ESF, this authority was limited to determining that such expenses were properly accounted for and that fully adequate accounting procedures and systems had been established. The provisions of the amendment of Section 5302 and the legislative history of the amendment made clear that the audit provisions were not intended to derogate from the broad and absolute discretion of the Secretary in managing the ESF, and that GAO was not to be given the authority to monitor the monetary and financial operations of the ESF. In 1978, as part of the amendments to an earlier version of Section 5302 which terminated the Secretary's authority to pay administrative expenses from the ESF, the GAO's audit authority over administrative expenses of the ESF was repealed.

Audits of the ESF's accounts are carried out by offices within Treasury that are independent of the offices responsible for implementing foreign exchange operations. Following establishment in 1978 of the position of Inspector General of the Treasury, responsibility for audits of ESF operations was transferred to his office. Conclusions of each ESF audit are provided as part of the Annual Report on the ESF, which is transmitted to Congress as well as to the President. To our knowledge, there has never been an audit of the ESF's financial statements by a public accounting firm, and we would oppose any such audit.

The rationale for maintaining confidentiality with respect to the operations of the ESF, recognized over 50 years ago and in subsequent amendments to its authorizing legislation, remains valid today. Those operations for the most part either entail transactions with foreign monetary authorities or could tend to reveal those authorities' own operations. Foreign authorities provide sensitive factual and analytical information on their own operations to U.S. authorities in the expectation that it will be held in strict confidence, on a "need-to-know" basis, and they

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The U.S. monetary authorities do provide substantial information on their foreign exchange operations, considerably more than is provided by most if not all other countries. Publicly available information includes the report prepared every three months by the Federal Reserve Bank of New York on Treasury and Federal Reserve Foreign Exchange Operations and the Annual Report of the ESF. Also, we provide to this Committee and its counterpart in the Senate, on a confidential basis, monthly reports on U.S. intervention activity and the monthly financial statements of the ESF. We have not received any indication that the Congress finds this information insufficient. Nevertheless, we will endeavor to respond in an appropriate manner to any specific requests for further information, subject to the need to protect sensitive details.

International Debt Strategy

The debt difficulties of developing countries remain a serious global problem which requires cooperative efforts on the part of all parties. The United States has a major stake in the success of these efforts. If left unattended, the debt problems faced by developing countries could jeopardize the stability of the international financial system, interrupt the trend toward expanding trade flows, and reduce the path of world growth.

The approach proposed by Secretary Brady in the spring of 1989 to strengthen the debt strategy is intended to mobilize more effective external financial support for debtor countries' efforts to reform their economies and achieve lasting growth. Our ideas built on suggestions of many throughout the world, including members of Congress. The strengthened strategy revolves around two central themes: the need to give greater emphasis to debt and debt service reduction, and the need for debtor countries to implement sound economic policies designed to encourage investment and flight capital repatriation.

The IMF and World Bank will continue to provide new loans to provide support for strong economic reform programs in debtor nations. U.S. financial support for developing countries can be leveraged several-fold through these institutions. As part of the new approach, however, the U.S. proposed that a portion of these loans be redirected to support debt and debt service reduction by commercial banks. The institutions are also providing limited interest support for these transactions. Both this committee and Congress as a whole encouraged use of World Bank funds to facilitate debt reduction as part of the GCI appropriations legislation in 1988.

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In May 1989, the IMF and World Bank Executive Boards agreed on broad guidelines of support for debt and debt service reduction operations for those countries which have adopted strong adjustment programs and have a clear need for debt reduction. Legal authority for this action is encompassed within Article V, Section 3(a) of the IMF's Articles of Agreement and Article III, Section 4(vii) of the World Bank Charter. As a safeguard, such operations are subject to detailed, objective criteria developed and approved by the Executive Boards of both institutions.

IMF and World Bank support have helped to encourage the successful conclusion of several debt and debt service reduction agreements with individual debtor countries. Six countries (Mexico, the Philippines, Costa Rica, Chile, Venezuela, and Morocco) have reached agreements with the commercial banks. These countries account for 46 percent of the total commercial bank debt of the major debtors.

The watershed agreement between Mexico and its commercial banks was formally completed in February 1990. Chile's buyback of commercial bank debt in November 1989 was financed by resources made available under the strengthened debt strategy. In February of this year, the Philippines completed its new financing package with commercial banks, which included a highly successful direct buyback of commercial bank debt. Costa Rica and its creditors have reached an agreement in principle on a comprehensive debt and debt service reduction package. In March, Venezuela and its creditor banks announced an agreement in principle on a financing package which includes a broad range of options for debt and debt service reduction. Banks are in the process of selecting options under this package and are expected to complete the agreement by the fourth quarter of 1990.

The strengthened debt strategy also envisaged the use of zero-coupon bonds as collateral to back debt and debt service reduction transactions. Mexico purchased zero-coupon bonds from several sources including the United States.

By statute, the Congress has delegated the authority to borrow money on the credit of the United States to the Secretary of the Treasury (with the approval of the President). The Secretary has been given broad authority to issue bonds of the Government for the amounts borrowed and to prescribe the conditions under which obligations may be used, including the form of the obligation and the interest rate to be paid. This authority extends to marketable as well as non-marketable securities, such as the zero-coupon bond issued to Mexico. In this case, Mexico purchased zero-coupon securities and the Treasury borrowing rate on this transaction was on terms and conditions which the Secretary determined to be appropriate.

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The Treasury pricing decision for the zero-coupon bond for Mexico was based on factors which included the size of the Mexican transaction and the precedent of the 1987-88 Mexican purchase of zeros. The earlier Mexican deal was priced off the coupon rate because the STRIPS market was deemed to lack sufficient depth and the size of the transaction was large relative to the outstanding STRIPS market. The 1990 Mexican transaction size of \$30.2 billion was even larger relative to the STRIPS market. The specific pricing formula for the 1990 Mexican transaction involved the average 30-year U.S. Treasury coupon borrowing rate for the 3-day period ending January 5, 1990, plus a fee. The other countries which sold Mexico zero-coupon bonds also followed a similar pricing formula.

Under the strengthened debt strategy, we contemplate that other heavily-indebted countries may purchase zero-coupon bonds from the Department of the Treasury on a case-by-case basis in order to collateralize debt and debt service reduction instruments. Collateralization of new debt instruments has not been an element of all the agreements reached to date. While Mexico made use of this option and Venezuela is likely to do so, agreements reached by the Philippines, Costa Rica and Chile focused on cash buybacks of commercial bank loans and therefore did not envisage the use of zero-coupon bonds. We cannot predict the actual demand for such bonds, since that will be driven by the timing of bank agreements, the options available in those agreements, and bank interest in collateralized instruments.

New mechanisms to redress difficulties in servicing existing debt agreements and further market-oriented structural reforms can make an important difference in addressing the international debt problem.

The emphasis on debt reduction within the debt strategy has encouraged renewed vigor on the part of a number of debtor countries in undertaking difficult but needed reforms. Commercial banks are actively engaged in debt and debt service reduction to ease the burdens on debtor nations. Public resources to support this process are being provided on a limited and efficient basis. While much remains to be done, we are confident that we have a strategy with the flexibility needed to meet the challenge facing us.

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Balances of Exchange Stabilization Fund
as of December 31, 1989

billions of dollars¹

Assets

U.S. dollars:	1.9
(of which: deposit with Treasury: \$1.1 billion ²)	
Special Drawing Rights	10.0
Foreign exchange and securities	13.2
(of which: German marks: \$5.5 billion ³)	
(Japanese yen: \$7.2 billion)	
Accounts receivable	<u>0.3</u>
TOTAL	25.4

Liabilities and Capital

Advance from Treasury ⁴	1.1
Special Drawing Rights certificates	8.5
Special Drawing Rights allocations	6.4
Accounts payable	0.1
Capital	<u>9.3</u>
TOTAL	25.4

¹non-dollar balances valued at end-of-period exchange rate

²non-interest bearing deposit with Treasury General Fund, reflecting proceeds of Advance from Treasury (see below)

³ excludes marks warehoused with Federal Reserve

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Foreign Currency Holdings of the Treasury and Federal Reserve
in millions of dollars

<u>End of Period</u>	<u>Treasury</u>	<u>Federal Reserve</u>	<u>Total</u>
1978	2,766	1,608	4,374
1979	1,343	2,464	3,807
1980	5,240	4,894	10,134
1981	4,666	5,108	9,774
1982	4,471	5,741	10,212
1983	2,556	3,733	6,289
1984	3,078	3,578	6,656
1985	5,746	7,110	12,856
1986	7,765	9,563	17,328
March 1987	8,339	8,953	17,292
June	6,368	7,534	13,902
Sept	6,088	7,911	13,999
Dec	5,353	7,735	13,088
March 1988	4,878	6,701	11,579
June	4,675	6,118	10,793
Sept	8,493	9,522	18,015
Dec	8,205	9,158	17,363
March 1989	8,572	11,726	20,298
June	12,180	19,337	31,517
Sept	12,661	26,419	39,080
Dec	13,220	31,331	44,551
March 1990	11,908	34,516	46,424
June			47,294

NOTES

1. Warehoused currencies are included in Federal Reserve's holdings and excluded from Treasury's holdings.

2. Dollar equivalents were obtained by converting total holdings for each foreign currency in dollars using current New York noon buying rates, except for currencies held under swap agreements with other countries, which are valued at historical costs. Note, the entry in this table for Federal Reserve holdings differs from the entry in Table 1.18 in the Federal Reserve Bulletin line item "Denominated in Foreign Currencies", which uses as the current exchange rate the 10 A.M. buying rate two days before the end of the month and values warehoused currencies at historical costs.

Foreign Currency Holdings of the Treasury and Federal Reserve
in millions of dollars

<u>End of Period</u>	<u>Treasury</u>	<u>Federal Reserve</u>	<u>Total</u>
1978	2,766	1,608	4,374
1979	1,343	2,464	3,807
1980	5,240	4,894	10,134
1981	4,666	5,108	9,774
1982	4,471	5,741	10,212
1983	2,556	3,733	6,289
1984	3,078	3,578	6,656
1985	5,746	7,110	12,856
1986	7,765	9,563	17,328
March 1987	8,339	8,953	17,292
June	6,368	7,534	13,902
Sept	6,088	7,911	13,999
Dec	5,353	7,735	13,088
March 1988	4,878	6,701	11,579
June	4,675	6,118	10,793
Sept	8,493	9,522	18,015
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-204

FOR RELEASE AT 4:00 P.M. OF THE TREASURY
August 14, 1990

CONTACT: OFFICE OF FINANCING
202/376-4350

TREASURY'S WEEKLY BILL OFFERING

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills totaling approximately \$18,400 million, to be issued August 23, 1990. This offering will provide about \$2,275 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of \$16,122 million. Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. 20239, prior to 1:00 p.m., Eastern Daylight Saving time, Monday, August 20, 1990. The two series offered are as follows:

92-day bills (to maturity date) for approximately \$9,200 million, representing an additional amount of bills dated November 24, 1989, and to mature November 23, 1990 (CUSIP No. 912794 US 1), currently outstanding in the amount of \$18,227 million, the additional and original bills to be freely interchangeable.

182-day bills for approximately \$9,200 million, to be dated August 23, 1990, and to mature February 21, 1991 (CUSIP No. 912794 VW 1).

The bills will be issued on a discount basis under competitive and noncompetitive bidding, and at maturity their par amount will be payable without interest. Both series of bills will be issued entirely in book-entry form in a minimum amount of \$10,000 and in any higher \$5,000 multiple, on the records either of the Federal Reserve Banks and Branches, or of the Department of the Treasury.

The bills will be issued for cash and in exchange for Treasury bills maturing August 23, 1990. Tenders from Federal Reserve Banks for their own account and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rates of accepted competitive tenders. Additional amounts of the bills may be issued to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing bills held by them. Federal Reserve Banks currently hold \$596 million as agents for foreign and international monetary authorities, and \$4,756 million for their own account. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 5176-1 (for 13-week series) or Form PD 5176-2 (for 26-week series).

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR RELEASE AT 4:00 P.M. OF THE TREASURY
August 14, 1990

CONTACT: OFFICE OF FINANCING
202/376-4350

TREASURY'S WEEKLY BILL OFFERING

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Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities may submit tenders for account of customers, if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held as of one-half hour prior to the closing time for receipt of tenders on the day of the auction. Such positions would include bills acquired through "when issued" trading, and futures and forward transactions as well as holdings of outstanding bills with the same maturity date as the new offering, e.g., bills with three months to maturity previously offered as six-month bills. Dealers, who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities, when submitting tenders for customers, must submit a separate tender for each customer whose net long position in the bill being offered exceeds \$200 million.

A noncompetitive bidder may not have entered into an agreement, nor make an agreement to purchase or sell or otherwise dispose of any noncompetitive awards of this issue being auctioned prior to the designated closing time for receipt of tenders.

Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made on all accepted tenders for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

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No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Competitive bidders will be advised of the acceptance or rejection of their tenders. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and the Secretary's action shall be final. Subject to these reservations, noncompetitive tenders for each issue for \$1,000,000 or less without stated yield from any one bidder will be accepted in full at the weighted average bank discount rate (in two decimals) of accepted competitive bids for the respective issues. The calculation of purchase prices for accepted bids will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final.

Settlement for accepted tenders for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches must be made or completed at the Federal Reserve Bank or Branch on the issue date, in cash or other immediately-available funds or in Treasury bills maturing on that date. Cash adjustments will be made for differences between the par value of the maturing bills accepted in exchange and the issue price of the new bills.

If a bill is purchased at issue, and is held to maturity, the amount of discount is reportable as ordinary income on the Federal income tax return of the owner for the year in which the bill matures. Accrual-basis taxpayers, banks, and other persons designated in section 1281 of the Internal Revenue Code must include in income the portion of the discount for the period during the taxable year such holder held the bill. If the bill is sold or otherwise disposed of before maturity, any gain in excess of the basis is treated as ordinary income.

Department of the Treasury Circulars, Public Debt Series - Nos. 26-76, 27-76, and 2-86, as applicable, Treasury's single bidder guidelines, and this notice prescribe the terms of these Treasury bills and govern the conditions of their issue. Copies of the circulars, guidelines, and tender forms may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt.

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PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

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FOR IMMEDIATE RELEASE **SEP 15 1990** CONTACT: Office of Financing
August 15, 1990 202/376-4350

TREASURY ANNOUNCES NEW SUBMISSION DEADLINE FOR NONCOMPETITIVE TENDERS IN MARKETABLE SECURITY AUCTIONS TO RELEASE AUCTION RESULTS EARLIER

The Treasury announced today that it set a new 12:00 noon Eastern time deadline for the submission of **noncompetitive** tenders for its securities auctions. The change will be effective with the 13- and 26-week Treasury bill auctions tentatively scheduled for **November 5, 1990**. The deadline for submissions of competitive tenders will remain at 1:00 p.m., Eastern time. Currently, all tenders, both competitive and noncompetitive, are required to be submitted by 1:00 p.m., on auction day.

The noncompetitive submission deadline is being changed to permit auction results to be released to the financial markets more quickly. The new deadline for noncompetitive tenders, in addition to increased automation of Treasury's process for determining the auction results, should permit Treasury to meet its goal of regularly releasing auction results by approximately 2:00 p.m., Eastern time. Earlier release of auction results is expected to facilitate secondary market trading of Treasury securities and reduce the Treasury's financing costs.

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PA-31



FOR IMMEDIATE RELEASE **NEWS 001352** CONTACT: Office of Financing
August 15, 1990 202/376-4350

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PA-31

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

August 14, 1990

JOHN E. ROBSON
Deputy Secretary of the Treasury

John E. Robson was appointed by President Bush to the position of Deputy Secretary of the Treasury on May 15, 1989. He was confirmed by the United States Senate for this position.

As Deputy Secretary, the number two ranking official in the Treasury Department, Mr. Robson acts as the chief operating officer of the Treasury. He participates in all of the Department's key policy deliberations and decisions and plays a regular role in the relations with Congress. The Deputy Secretary assumes the duties and powers of the Secretary when the Secretary is absent.

Mr. Robson is not new to government service, having served three times previously in Presidential appointments requiring Senate confirmation. These included: Chairman of the Civil Aeronautics Board; General Counsel and then Under Secretary of the U.S. Department of Transportation. He also served as Special Assistant to the Director of the Bureau of the Budget.

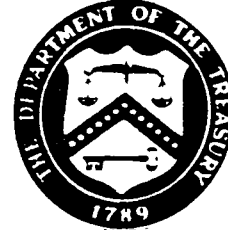
Mr. Robson's varied career includes law practice, corporate executive and educator. Prior to joining the Department, Mr. Robson was Dean and Professor of Management at Emory University's School of Business and Administration. At G.D. Searle & Co., a Fortune 500 pharmaceutical and consumer products firm, he served as President and Chief Executive Officer and Executive Vice-President and Chief Operating Officer.

Mr. Robson practiced law as a partner and member of the executive committee with the Chicago based law firm of Sidley and Austin, and earlier as an Associate and then Partner with the law firm of Leibman, Williams, Bennett, Baird, & Minow.

Mr. Robson was graduated from Yale University (B.A.) and Harvard University School of Law (J.D.). He served as an enlisted man in the United States Army. Born in New York City to Edwin O. and Elizabeth S. Robson, he was raised in Chicago, Illinois. He currently resides in Washington, D.C. with his wife, the former Margaret Elizabeth Zuehlke. They have two children, Matthew and Douglas.

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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

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DEPARTMENT OF THE TREASURY

WASHINGTON

LIBRARY ROOM 5310

FAC No. 118307

JAN 9 1990 AUG 15 1990

DEPT. OF THE TREASURY

Dear Mr. Patrikis:

In my letter to you of August 5, 1990, I set forth the status of various banks under Executive Order No. 12723. Since that date we have received additional information concerning certain banks listed in Categories II & III of that letter regarding their ownership and control. Based on that information, we have determined that the following banks should not be considered blocked entities under Executive Order No. 12723 and Executive Order No. 12725 of August 9, 1990:

Arab Banking Corporation
Banco Atlantico

We will complete our review of the status of the remaining banks in Category III shortly.

Sincerely,

R. Richard Newcomb
Director
Office of Foreign Assets Control

Ernest T. Patrikis
General Counsel and
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045



DEPARTMENT OF THE TREASURY

WASHINGTON

LIBRARY ROOM 5310

FAC No. 118307

JUN 8 920 AUG 15 1990
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33 Liberty Street
New York, New York 10045



TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-204

DEPT. OF THE TREASURY
FOR RELEASE AT 12:00 NOON
August 17, 1990

CONTACT: Office of Financing
202/376-4350

TREASURY'S 52-WEEK BILL OFFERING

The Department of the Treasury, by this public notice, invites tenders for approximately \$10,500 million of 364-day Treasury bills to be dated August 30, 1990, and to mature August 29, 1991 (CUSIP No. 912794 WT 7). This issue will provide about \$1,200 million of new cash for the Treasury, as the maturing 52-week bill is outstanding in the amount of \$9,294 million. Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. 20239-1500, prior to 1:00 p.m., Eastern Daylight Saving time, Thursday, August 23, 1990.

The bills will be issued on a discount basis under competitive and noncompetitive bidding, and at maturity their par amount will be payable without interest. This series of bills will be issued entirely in book-entry form in a minimum amount of \$10,000 and in any higher \$5,000 multiple, on the records either of the Federal Reserve Banks and Branches, or of the Department of the Treasury.

The bills will be issued for cash and in exchange for Treasury bills maturing August 30, 1990. In addition to the maturing 52-week bills, there are \$16,460 million of maturing bills which were originally issued as 13-week and 26-week bills. The disposition of this latter amount will be announced next week. Federal Reserve Banks currently hold \$7,300 million for their own account. This amount represents the combined holdings of such accounts for the three issues of maturing bills. The current holdings by Federal Reserve Banks as agents for foreign and international monetary authorities is not available. This amount will be provided in the August 21, 1990, 13- and 26-week bill announcement. Tenders from Federal Reserve Banks for their own account and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rate of accepted competitive tenders. Additional amounts of the bills may be issued to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing bills held by them. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold \$290 million of the original 52-week issue. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 5176-3.

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR RELEASE AT 12:00 NOON
August 17, 1990

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202/376-4350

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A noncompetitive bidder may not have entered into an agreement, nor make an agreement to purchase or sell or otherwise dispose of any noncompetitive awards of this issue being auctioned prior to the designated closing time for receipt of tenders.

Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made on all accepted tenders for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities may submit tenders for account of customers, if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held as of one-half hour prior to the closing time for receipt of tenders on the day of the auction. Such positions would include bills acquired through "when issued" trading, and futures and forward transactions as well as holdings of outstanding bills with the same maturity date as the new offering, e.g., bills with three months to maturity previously offered as six-month bills. Dealers, who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities, when submitting tenders for customers, must submit a separate tender for each customer whose net long position in the bill being offered exceeds \$200 million.

A noncompetitive bidder may not have entered into an agreement, nor make an agreement to purchase or sell or otherwise dispose of any noncompetitive awards of this issue being auctioned prior to the designated closing time for receipt of tenders.

Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made on all accepted tenders for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Competitive bidders will be advised of the acceptance or rejection of their tenders. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and the Secretary's action shall be final. Subject to these reservations, noncompetitive tenders for each issue for \$1,000,000 or less without stated yield from any one bidder will be accepted in full at the weighted average bank discount rate (in two decimals) of accepted competitive bids for the respective issues. The calculation of purchase prices for accepted bids will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final.

Settlement for accepted tenders for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches must be made or completed at the Federal Reserve Bank or Branch on the issue date, in cash or other immediately-available funds or in Treasury bills maturing on that date. Cash adjustments will be made for differences between the par value of the maturing bills accepted in exchange and the issue price of the new bills.

If a bill is purchased at issue, and is held to maturity, the amount of discount is reportable as ordinary income on the Federal income tax return of the owner for the year in which the bill matures. Accrual-basis taxpayers, banks, and other persons designated in section 1281 of the Internal Revenue Code must include in income the portion of the discount for the period during the taxable year such holder held the bill. If the bill is sold or otherwise disposed of before maturity, any gain in excess of the basis is treated as ordinary income.

Department of the Treasury Circulars, Public Debt Series - Nos. 26-76, 27-76, and 2-86, as applicable, Treasury's single bidder guidelines, and this notice prescribe the terms of these Treasury bills and govern the conditions of their issue. Copies of the circulars, guidelines, and tender forms may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt.

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DEPT. OF THE TREASURY

FOR IMMEDIATE RELEASE

August 20, 1990

FEDERAL FINANCING BANK ACTIVITY

Charles D. Haworth, Secretary, Federal Financing Bank (FFB), announced the following activity for the month of July 1990.

FFB holdings of obligations issued, sold or guaranteed by other Federal agencies totaled \$162.4 billion on July 31, 1990, posting an increase of \$4.8 billion from the level on June 30, 1990. This net change was the result of increases in holdings of agency debt of \$4,673.0 million and in holdings of agency assets of \$256.8 million, while holdings of agency-guaranteed debt decreased by \$171.6 million. FFB made 54 disbursements during July.

FFB holdings on July 31, 1990 were the highest in the bank's history.

Attached to this release are tables presenting FFB July loan activity and FFB holdings as of July 31, 1990.

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Attached to this release are tables presenting FFB July loan activity and FFB holdings as of July 31, 1990.

FEDERAL FINANCING BANK

JULY 1990 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE (semi- annual)	INTEREST RATE (other than semi-annual)
<u>AGENCY DEBT</u>					
<u>NATIONAL CREDIT UNION ADMINISTRATION</u>					
<u>Central Liquidity Facility</u>					
+Note #522	7/6	\$ 13,860,000.00	10/5/90	8.044%	
<u>RESOLUTION TRUST CORPORATION</u>					
<u>Note No. 90-04</u>					
Advance #1	7/2	26,580,000,000.00	10/1/90	8.123%	
Advance #2	7/3	198,000,000.00	10/1/90	8.122%	
Advance #3	7/5	190,000,000.00	10/1/90	8.087%	
Advance #4	7/9	118,000,000.00	10/1/90	8.133%	
Advance #5	7/10	310,000,000.00	10/1/90	8.183%	
Advance #6	7/11	26,000,000.00	10/1/90	8.192%	
Advance #7	7/12	185,000,000.00	10/1/90	8.171%	
Advance #8	7/16	135,000,000.00	10/1/90	7.975%	
Advance #9	7/17	2,430,000,000.00	10/1/90	7.984%	
Advance #10	7/18	100,000,000.00	10/1/90	7.992%	
<u>Note No. 90-05</u>					
Advance #1	7/27	257,000,000.00	10/1/90	7.959%	
Advance #2	7/31	435,000,000.00	10/1/90	7.868%	
<u>TENNESSEE VALLEY AUTHORITY</u>					
Short-term Bond #43	7/9	240,000,000.00	7/16/90	8.043%	
Short-term Bond #44	7/16	184,000,000.00	7/23/90	8.064%	
Short-term Bond #45	7/23	143,000,000.00	7/31/90	7.917%	
Short-term Bond #46	7/31	187,000,000.00	8/6/90	7.891%	
<u>AGENCY ASSETS</u>					
<u>FARMER'S HOME ADMINISTRATION</u>					
RHIF - CBO #57543	7/1	280,000,000.00	10/1/91	8.214%	8.383% ann.
RHIF - CBO #57544	7/15	190,000,000.00	10/1/91	8.050%	8.212% ann.

+rollover

FEDERAL FINANCING BANK

JULY 1990 ACTIVITY

<u>BORROWER</u>	<u>DATE</u>	<u>AMOUNT OF ADVANCE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u> (semi- annual)	<u>INTEREST RATE</u> (other than semi-annual)
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FEDERAL FINANCING BANK

JULY 1990 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE (semi- annual)	INTEREST RATE (other than semi-annual)
<u>GOVERNMENT - GUARANTEED LOANS</u>					
<u>DEPARTMENT OF DEFENSE</u>					
<u>Foreign Military Sales</u>					
Kenya 12	7/25	\$ 288,987.04	1/25/91	7.942%	
<u>DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>					
<u>Community Development</u>					
*Florence, S.C.	7/2	1,016,902.34	7/1/96	8.469%	8.648% ann.
*Syracuse, N.Y.	7/2	2,890,000.00	7/1/98	8.499%	8.680% ann.
*Pasadena, CA.	7/11	1,165,457.11	7/16/90	8.192%	8.360% ann.
*Pasadena, CA.	7/11	98,354.95	7/16/90	8.192%	8.360% ann.
<u>RURAL ELECTRIFICATION ADMINISTRATION</u>					
*Allegheny Electric #175A	7/2	2,516,939.92	9/30/92	8.387%	8.301% qtr.
*Allegheny Electric #175A	7/2	3,112,704.88	9/30/92	8.387%	8.301% qtr.
*Associated Electric #328	7/2	8,589,619.83	9/30/92	8.385%	8.299% qtr.
*Associated Electric #328	7/2	4,398,688.12	9/30/92	8.387%	8.301% qtr.
*Cajun Electric #197A	7/2	21,106,598.96	1/2/18	8.541%	8.452% qtr.
*Colorado-Ute Electric #8A	7/2	564,810.75	1/3/12	8.544%	8.455% qtr.
*Colorado-Ute Electric #78A	7/2	353,781.76	12/31/13	8.542%	8.453% qtr.
*Colorado-Ute Electric #78A	7/2	404,267.68	12/31/13	8.542%	8.453% qtr.
*Colorado-Ute Electric #78A	7/2	2,520,513.60	12/31/13	8.542%	8.453% qtr.
*Colorado-Ute Electric #96A	7/2	950,546.48	12/31/15	8.541%	8.452% qtr.
*Colorado-Ute Electric #168A	7/2	982,768.44	12/31/15	8.541%	8.452% qtr.
*Colorado-Ute Electric #203A	7/2	1,318,063.12	1/3/17	8.540%	8.451% qtr.
*Colorado-Ute Electric #203A	7/2	3,222,357.92	1/3/17	8.540%	8.451% qtr.
*Colorado-Ute Electric #203A	7/2	574,736.88	1/3/17	8.540%	8.451% qtr.
*Colorado-Ute Electric #203A	7/2	3,134,231.60	1/3/17	8.540%	8.451% qtr.
*Colorado-Ute Electric #276	7/2	1,919,579.88	1/3/17	8.540%	8.451% qtr.
*Colorado-Ute Electric #276	7/2	1,465,578.96	1/3/17	8.540%	8.451% qtr.
*Colorado-Ute Electric #297	7/2	2,506,747.94	1/2/18	8.540%	8.451% qtr.
*Colorado-Ute Electric #297	7/2	2,927,073.12	1/2/18	8.540%	8.451% qtr.
*Cooperative Power Assoc. #130A	7/2	9,090,909.07	9/30/92	8.385%	8.299% qtr.
*Oglethorpe Power #320	7/2	8,480,396.69	9/30/92	8.385%	8.299% qtr.
*Oglethorpe Power #320	7/2	9,486,809.93	9/30/92	8.385%	8.299% qtr.
*Oglethorpe Power #320	7/2	13,570,000.00	9/30/92	8.385%	8.299% qtr.

*maturity extension

FEDERAL FINANCING BANK

JULY 1990 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE (semi- annual)	INTEREST RATE (other than semi-annual)
<u>GOVERNMENT - GUARANTEED LOANS</u>					
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Kenya 12	7/25	\$ 288,987.04	1/25/91	7.942%	
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FEDERAL FINANCING BANK

JULY 1990 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE (semi- annual)	INTEREST RATE (other than semi-annual)
<u>RURAL ELECTRIFICATION ADMINISTRATION (continued)</u>					
*Southern Mississippi Elec. #330	7/2	\$ 241,949.58	9/30/92	8.385%	8.299% qtr.
*United Power Assoc. #67A	7/2	552,941.20	12/31/13	8.539%	8.450% qtr.
*United Power Assoc. #129A	7/2	14,477,118.64	1/2/18	8.538%	8.449% qtr.
*Wolverine Power #183A	7/2	3,622,089.59	9/30/92	8.384%	8.298% qtr.
*Wabash Valley Power #206	7/5	337,000.00	12/31/18	8.524%	8.435% qtr.
*Wabash Valley Power #206	7/11	61,000.00	12/31/18	8.688%	8.596% qtr.

TENNESSEE VALLEY AUTHORITYSeven States Energy Corporation

Note A-90-11	7/31	631,888,123.21	10/31/90	7.893%	
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FEDERAL FINANCING BANK HOLDINGS
(in millions)

Program	July 31, 1990	June 30, 1990	Net Change 7/1/90-7/31/90	FY '90 Net Change 10/1/89-7/31/90
Agency Debt:				
Export-Import Bank	\$ 11,143.9	\$ 11,143.9	\$ -0-	\$ 160.3
CUA-Central Liquidity Facility	55.0	54.9	0.1	-56.4
Resolution Trust Corporation	30,964.0	26,367.1	4,596.9	30,964.0
Tennessee Valley Authority	15,012.0	14,936.0	76.0	-2,455.0
U.S. Postal Service	5,897.8	5,897.8	-0-	-297.2
sub-total*	63,072.7	58,399.6	4,673.0	28,315.7
Agency Assets:				
Farmers Home Administration	52,171.0	51,901.0	270.0	-1,410.0
DHHS-Health Maintenance Org.	69.2	74.7	-5.5	-5.5
DHHS-Medical Facilities	82.7	90.1	-7.4	-5.4
Rural Electrification Admin.-CBO	4,135.2	4,135.2	-0-	-47.5
Small Business Administration	8.8	9.1	-0.3	-2.8
sub-total*	56,466.9	56,210.1	256.8	-1,201.2
Government-Guaranteed Lending:				
DOD-Foreign Military Sales	9,840.0	9,887.0	-46.9	-348.5
DEd.-Student Loan Marketing Assn.	4,880.0	4,880.0	-0-	-30.0
DHUD-Community Dev. Block Grant	257.6	259.0	-1.4	-25.8
DHUD-Public Housing Notes +	1,950.8	1,950.8	-0-	-44.5
General Services Administration +	367.3	367.3	-0-	-10.8
DOI-Guam Power Authority	30.3	30.3	-0-	-0.6
DOI-Virgin Islands	25.3	25.4	-0.2	-0.7
NASA-Space Communications Co. +	1,095.9	1,095.9	-0-	100.7
DON-Ship Lease Financing	1,672.4	1,672.4	-0-	-48.2
Rural Electrification Administration	19,066.1	19,167.5	-101.4	-208.8
SBA-Small Business Investment Cos.	425.7	452.9	-27.2	-129.6
SBA-State/Local Development Cos.	751.7	757.3	-5.6	-47.6
TVA-Seven States Energy Corp.	2,339.5	2,328.4	11.0	44.6
DOT-Section 511	23.7	23.7	-0-	-13.5
DOT-WMATA	177.0	177.0	-0-	-0-
sub-total*	42,903.4	43,075.0	-171.6	-763.4
grand total*	\$ 162,443.0	\$ 157,684.7	\$ 4,758.3	\$ 26,351.1

*figures may not total due to rounding
+does not include capitalized interest

FEDERAL FINANCING BANK HOLDINGS
(in millions)

<u>Program</u>	<u>July 31, 1990</u>	<u>June 30, 1990</u>	<u>Net Change</u> <u>7/1/90-7/31/90</u>	<u>FY '90 Net Change</u> <u>10/1/89-7/31/90</u>
Agency Debt:				
Export-Import Bank	\$ 11,143.9	\$ 11,143.9	\$ -0-	\$ 160.3
NCUA-Central Liquidity Facility	55.0	54.9	0.1	-56.4
Resolution Trust Corporation	30,964.0	26,367.1	4,596.9	30,964.0
Tennessee Valley Authority	15,012.0	14,936.0	76.0	-2,455.0
U.S. Postal Service	5,897.8	5,897.8	-0-	-297.2
sub-total*	63,072.7	58,399.6	4,673.0	28,315.7
Agency Assets:				
Farmers Home Administration	52,171.0	51,901.0	270.0	-1,410.0
DHHS-Health Maintenance Org.	69.2	74.7	-5.5	-5.5
DHHS-Medical Facilities	82.7	90.1	-7.4	-5.4
Rural Electrification Admin.-CBO	4,135.2	4,135.2	-0-	-47.5
Small Business Administration	8.8	9.1	-0.3	-2.8
sub-total*	56,466.9	56,210.1	256.8	-1,201.2
Government-Guaranteed Lending:				
DOD-Foreign Military Sales	9,840.0	9,887.0	-46.9	-348.5
DED.-Student Loan Marketing Assn.	4,880.0	4,880.0	-0-	-30.0
DHUD-Community Dev. Block Grant	257.6	259.0	-1.4	-25.8
DHUD-Public Housing Notes +	1,950.8	1,950.8	-0-	-44.5
General Services Administration +	367.3	367.3	-0-	-10.8
DOI-Guam Power Authority	30.3	30.3	-0-	-0.6
DOI-Virgin Islands	25.3	25.4	-0.2	-0.7
NASA-Space Communications Co. +	1,095.9	1,095.9	-0-	100.7
DON-Ship Lease Financing	1,672.4	1,672.4	-0-	-48.2
Rural Electrification Administration	19,066.1	19,167.5	-101.4	-208.8
SBA-Small Business Investment Cos.	425.7	452.9	-27.2	-129.6
SBA-State/Local Development Cos.	751.7	757.3	-5.6	-47.6
TVA-Seven States Energy Corp.	2,339.5	2,328.4	11.0	44.6
DOT-Section 511	23.7	23.7	-0-	-13.5
DOT-WMATA	177.0	177.0	-0-	-0-
sub-total*	42,903.4	43,075.0	-171.6	-763.4
grand total*	\$ 162,443.0	\$ 157,684.7	\$ 4,758.3	\$ 26,351.1

*figures may not total due to rounding
+does not include capitalized interest

AUCTION RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
August 20, 1990

CONTACT: Office of Financing
202/376-4350

AUG 22 90 00 21 73

RESULTS OF TREASURY'S WEEKLY BILL AUCTIONS

Tenders for \$9,202 million of 13-week bills and for \$9,203 million of 26-week bills, both to be issued on August 23, 1990, were accepted today.

RANGE OF ACCEPTED COMPETITIVE BIDS:	13-week bills			:	26-week bills		
	maturing November 23, 1990			:	maturing February 21, 1991		
	Discount Rate	Investment Rate 1/	Price	:	Discount Rate	Investment Rate 1/	Price
Low	7.51%	7.76%	98.081	:	7.42%	7.82%	96.249
High	7.56%	7.82%	98.068	:	7.46%	7.86%	96.229
Average	7.55%	7.80%	98.071	:	7.45%	7.85%	96.234

Tenders at the high discount rate for the 13-week bills were allotted 96%.
Tenders at the high discount rate for the 26-week bills were allotted 66%.

TOTAL TENDERS RECEIVED AND ACCEPTED BY FEDERAL RESERVE DISTRICTS (In Thousands)

Location	Received	Accepted	:	Received	Accepted
Boston	\$ 36,200	\$ 36,200	:	\$ 31,500	\$ 31,500
New York	17,545,700	7,644,700	:	18,520,375	8,036,430
Philadelphia	18,605	18,605	:	15,090	15,090
Cleveland	47,190	47,190	:	34,320	34,320
Richmond	73,415	73,415	:	46,370	46,370
Atlanta	33,350	33,350	:	29,995	29,995
Chicago	1,702,975	77,975	:	1,526,230	76,230
St. Louis	36,210	26,010	:	26,975	22,295
Minneapolis	10,580	10,580	:	10,570	10,570
Kansas City	41,385	41,385	:	50,200	50,200
Dallas	24,455	24,455	:	18,985	18,985
San Francisco	933,165	466,165	:	617,475	163,135
Treasury	702,350	702,350	:	667,840	667,840
TOTALS	\$21,205,580	\$9,202,380	:	\$21,595,925	\$9,202,960

Type	Received	Accepted	:	Received	Accepted
Competitive	\$17,186,255	\$5,183,055	:	\$17,444,010	\$5,051,045
Noncompetitive	1,522,530	1,522,530	:	1,297,225	1,297,225
Subtotal, Public	\$18,708,785	\$6,705,585	:	\$18,741,235	\$6,348,270
Federal Reserve	2,410,185	2,410,185	:	2,400,000	2,400,000
Foreign Official Institutions	86,610	86,610	:	454,690	454,690
TOTALS	\$21,205,580	\$9,202,380	:	\$21,595,925	\$9,202,960

An additional \$10,590 thousand of 13-week bills and an additional \$39,510 thousand of 26-week bills will be issued to foreign official institutions for new cash.

1/ Equivalent coupon-issue yield.

**AUCTION
RESULTS**

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
August 20, 1990

CONTACT: Office of Financing
202/376-4350

AUG 22 00 00 2173

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DEPT. OF THE TREASURY

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE

August 21, 1990

DEPT. OF THE TREASURY

Monthly Release of U.S. Reserve Assets

The Treasury Department today released U.S. reserve assets data for the month of July 1990.

As indicated in this table, U.S. reserve assets amounted to \$77,906 million at the end of July, up from \$77,298 million in June.

U.S. Reserve Assets (in millions of dollars)

End of Month	Total Reserve Assets	Gold Stock <u>1/</u>	Special Drawing Rights <u>2/3/</u>	Foreign Currencies <u>4/</u>	Reserve Position in IMF <u>2/</u>
<u>1990</u>					
June	77,298	11,065	10,490	47,294	8,449
July	77,906	11,064	10,699	47,457	8,686

1/ Valued at \$42.2222 per fine troy ounce.

2/ Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of selected member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3/ Includes allocations of SDRs by the IMF plus transactions in SDRs.

4/ Valued at current market exchange rates.

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2044

FOR IMMEDIATE RELEASE

August 21, 1990

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11-300

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

CONTACT: Office of Financing
202/376-4350

FOR RELEASE AT 4:00 P.M.

August 21, 1990

TREASURY'S WEEKLY BILL OFFERING

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills totaling approximately \$18,400 million, to be issued August 30, 1990. This offering will provide about \$1,950 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of \$16,460 million. Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. 20239, prior to 1:00 p.m., Eastern Daylight Saving time, Monday, August 27, 1990. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$9,200 million, representing an additional amount of bills dated May 31, 1990, and to mature November 29, 1990 (CUSIP No. 912794 VK 7), currently outstanding in the amount of \$8,418 million, the additional and original bills to be freely interchangeable.

182-day bills for approximately \$9,200 million, to be dated August 30, 1990, and to mature February 28, 1991 (CUSIP No. 912794 VX 9).

The bills will be issued on a discount basis under competitive and noncompetitive bidding, and at maturity their par amount will be payable without interest. Both series of bills will be issued entirely in book-entry form in a minimum amount of \$10,000 and in any higher \$5,000 multiple, on the records either of the Federal Reserve Banks and Branches, or of the Department of the Treasury.

The bills will be issued for cash and in exchange for Treasury bills maturing August 30, 1990. In addition to the maturing 13-week and 26-week bills, there are \$9,294 million of maturing 52-week bills. The disposition of this latter amount was announced last week. Tenders from Federal Reserve Banks for their own account and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rates of accepted competitive tenders. Additional amounts of the bills may be issued to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing bills held by them. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold \$1,374 million of the original 13-week and 26-week issues. Federal Reserve Banks currently hold \$1,664 million as agents for foreign and international monetary authorities, and \$7,303 million for their own account. These amounts represent the combined holdings of such accounts for the three issues of maturing bills. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 5176-1 (for 13-week series) or Form PD 5176-2 (for 26-week series).

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

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202/376-4350

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Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities may submit tenders for account of customers, if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held as of one-half hour prior to the closing time for receipt of tenders on the day of the auction. Such positions would include bills acquired through "when issued" trading, and futures and forward transactions as well as holdings of outstanding bills with the same maturity date as the new offering, e.g., bills with three months to maturity previously offered as six-month bills. Dealers, who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities, when submitting tenders for customers, must submit a separate tender for each customer whose net long position in the bill being offered exceeds \$200 million.

A noncompetitive bidder may not have entered into an agreement, nor make an agreement to purchase or sell or otherwise dispose of any noncompetitive awards of this issue being auctioned prior to the designated closing time for receipt of tenders.

Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made on all accepted tenders for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

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No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Competitive bidders will be advised of the acceptance or rejection of their tenders. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and the Secretary's action shall be final. Subject to these reservations, noncompetitive tenders for each issue for \$1,000,000 or less without stated yield from any one bidder will be accepted in full at the weighted average bank discount rate (in two decimals) of accepted competitive bids for the respective issues. The calculation of purchase prices for accepted bids will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final.

Settlement for accepted tenders for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches must be made or completed at the Federal Reserve Bank or Branch on the issue date, in cash or other immediately-available funds or in Treasury bills maturing on that date. Cash adjustments will be made for differences between the par value of the maturing bills accepted in exchange and the issue price of the new bills.

If a bill is purchased at issue, and is held to maturity, the amount of discount is reportable as ordinary income on the Federal income tax return of the owner for the year in which the bill matures. Accrual-basis taxpayers, banks, and other persons designated in section 1281 of the Internal Revenue Code must include in income the portion of the discount for the period during the taxable year such holder held the bill. If the bill is sold or otherwise disposed of before maturity, any gain in excess of the basis is treated as ordinary income.

Department of the Treasury Circulars, Public Debt Series - Nos. 26-76, 27-76, and 2-86, as applicable, Treasury's single bidder guidelines, and this notice prescribe the terms of these Treasury bills and govern the conditions of their issue. Copies of the circulars, guidelines, and tender forms may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt.

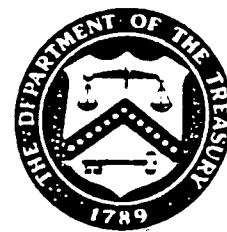
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE
August 22, 1990

Contact: Cheryl Crispen
(202) 566-5252

Leland L. Coggan Appointed
Executive Director of the
United States Savings Bonds Division

Leland L. Coggan was appointed Executive Director of the U.S. Savings Bonds Division, Department of the Treasury, by United States Treasurer Catalina Vasquez Villalpando on August 10, 1990. He was sworn into office by Secretary of the Treasury Nicholas F. Brady on August 10, 1990.

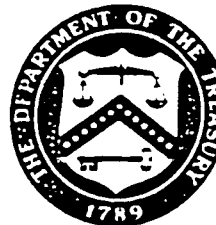
In making the appointment, Treasurer Villalpando said, "Mr. Coggan's legal background and his extensive experience in marketing financial products and real estate will be invaluable to the Savings Bonds Division."

As Executive Director, Mr. Coggan will direct the national program for marketing and sales of Savings Bonds. This national effort uses Savings Bond Division resources and volunteers from the business, banking and communications sectors. The total value of Savings Bonds held by Americans at the end of June 1990, was \$121.86 billion, the highest on record.

Prior to his appointment as Executive Director, Mr. Coggan served as President of Coggan & Co., Inc., a securities and investment firm in Dallas, Texas.

Mr. Coggan graduated from Texas Christian University in 1953. He then served in the U.S. Marine Corps, from 1953 to 1955, where he attained the rank of Captain. Following active military service, Mr. Coggan earned his J.D. degree from Southern Methodist University School of Law in Dallas, Texas. Upon graduation, he went into private practice and became a partner with the Dallas law firm of Burford, Ryburn and Ford in 1960.

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-204

FOR IMMEDIATE RELEASE
August 22, 1990

Contact: Cheryl Crispen
(202) 566-5252

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Leland L. Coggan was appointed Executive Director of the U.S. Savings Bonds Division, Department of the Treasury, by United States Treasurer Catalina Vasquez Villalpando on August 10, 1990. He was sworn into office by Secretary of the Treasury Nicholas F. Brady on August 10, 1990.

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In 1963, he joined Smith Barney and Co. as a trainee and investment broker in New York City and Dallas. Mr. Coggan left Smith Barney and Co. in 1967 and formed Lee Coggan and Associates, LTD, a securities and investment partnership. He later founded Leland Coggan Interests, Inc., a real estate investment firm.

Mr. Coggan has been active in Republican politics. He has served as a Delegate to the Texas Republican State Convention and as an Election Judge in his voting precinct in Dallas. His work in various civic and church organizations includes service as Executive Vice President of the Dallas Theatre Center.

Mr. Coggan, a native of East St. Louis, Illinois, spent his early years in St. Louis County, Missouri. He and his wife, the former Patricia Conner of Oklahoma City, were married in 1958. They have two children, Robert L., a minister in Ishpeming, Michigan, and Sharon Lee, a graduate student at Carnegie Mellon University, Pittsburgh, Pennsylvania.

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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

FOR RELEASE AT 4:00 P.M.
August 22, 1990

CONTACT: Office of Financing
202/376-4350

TREASURY TO AUCTION 2-YEAR AND 5-YEAR 2-MONTH NOTES TOTALING \$20,000 MILLION

The Treasury will raise about \$10,525 million of new cash by issuing \$11,500 million of 2-year notes and \$8,500 million of 5-year 2-month notes. This offering will also refund \$9,465 million of 2-year notes maturing August 31, 1990. The \$9,465 million of maturing 2-year notes are those held by the public, including \$649 million currently held by Federal Reserve Banks as agents for foreign and international monetary authorities.

The \$20,000 million is being offered to the public, and any amounts tendered by Federal Reserve Banks as agents for foreign and international monetary authorities will be added to that amount. Tenders for such accounts will be accepted at the average price of accepted competitive tenders.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold \$1,131 million of the maturing securities that may be refunded by issuing additional amounts of the new notes at the average price of accepted competitive tenders.

Details about each of the new securities are given in the attached highlights of the offerings and in the official offering circulars.

oOo

Attachment

NB-928

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-20

DEPT. OF THE TREASURY

FOR RELEASE AT 4:00 P.M.
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Attachment

NB-928

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC
OF 2-YEAR AND 5-YEAR 2-MONTH NOTES

August 22, 1990

<u>Amount Offered to the Public</u> ...	\$11,500 million	\$8,500 million
<u>Description of Security:</u>		
Term and type of security	2-year notes	5-year 2-month notes
Series and CUSIP designation ...	Series AD-1992 (CUSIP No. 912827 ZF 2)	Series M-1995 (CUSIP No. 912827 ZG 0)
Issue Date	August 31, 1990	September 4, 1990
Maturity date	August 31, 1992	November 15, 1995
Interest Rate	To be determined based on the average of accepted bids	To be determined based on the average of accepted bids
Investment yield	To be determined at auction	To be determined at auction
Premium or discount	To be determined after auction	To be determined after auction
Interest payment dates	February 28, 1991, August 31, 1991, February 29, 1992, and August 31, 1992	May 15 and November 15 (first payment on May 15, 1991)
Minimum denomination available .	\$5,000	\$1,000
<u>Terms of Sale:</u>		
Method of sale	Yield auction	Yield auction
Competitive tenders	Must be expressed as an annual yield, with two decimals, e.g., 7.10%	Must be expressed as an annual yield, with two decimals, e.g., 7.10%
Noncompetitive tenders	Accepted in full at the aver- age price up to \$1,000,000	Accepted in full at the aver- age price up to \$1,000,000
Accrued interest payable by investor	None	None
<u>Payment Terms:</u>		
Payment by non-institutional investors	Full payment to be submitted with tender	Full payment to be submitted with tender
Deposit guarantee by designated institutions	Acceptable	Acceptable
<u>Key Dates:</u>		
Receipt of tenders	Tuesday, August 28, 1990, prior to 1:00 p.m., EDST	Wednesday, August 29, 1990, prior to 1:00 p.m., EDST
Settlement (final payment due from institutions):		
a) funds immediately available to the Treasury ...	Friday, August 31, 1990	Tuesday, September 4, 1990
b) readily-collectible check ...	Wednesday, August 29, 1990	Thursday, August 30, 1990

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC
OF 2-YEAR AND 5-YEAR 2-MONTH NOTES

August 22, 1990

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**AUCTION
RESULTS**

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE

AUG 24 00 00 24 98

August 23, 1990

RESULTS OF TREASURY'S 52-WEEK BILL AUCTION

DEPT. OF THE TREASURY

Tenders for \$10,520 million of 52-week bills to be issued August 30, 1990, and to mature August 29, 1991, were accepted today. The details are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount Rate</u>	<u>Investment Rate (Equivalent Coupon-Issue Yield)</u>	<u>Price</u>
Low -	7.39%	7.94%	92.528
High -	7.42%	7.97%	92.498
Average -	7.40%	7.95%	92.518

Tenders at the high discount rate were allotted 48%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ 23,975	\$ 23,975
New York	21,235,370	9,135,970
Philadelphia	14,805	14,805
Cleveland	20,330	20,330
Richmond	35,410	30,810
Atlanta	16,755	16,755
Chicago	1,976,135	525,135
St. Louis	11,075	11,075
Minneapolis	6,770	6,770
Kansas City	22,915	22,915
Dallas	6,570	6,570
San Francisco	851,235	448,715
Treasury	255,845	255,845
TOTALS	\$24,477,190	\$10,519,670
<u>Type</u>		
Competitive	\$20,875,760	\$ 6,918,240
Noncompetitive	611,430	611,430
Subtotal, Public	<u>\$21,487,190</u>	<u>\$ 7,529,670</u>
Federal Reserve	2,700,000	2,700,000
Foreign Official Institutions	<u>290,000</u>	<u>290,000</u>
TOTALS	\$24,477,190	\$10,519,670

An additional \$90,000 thousand of the bills will be issued to foreign official institutions for new cash.

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE

AUG 24 50002498

August 23, 1990

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KUWAIT/IRAQ
INFORMATION PACKET
AUGUST 24, 1990

KUWAIT/IRAQ
INFORMATION PACKET
AUGUST 24, 1990





DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 5

Completion of Certain Foreign Exchange and Commodities Transactions.

(a) U.S. financial institutions are authorized to perform and complete in accordance with its terms or, in agreement with the Government of Kuwait, to close out, offset, or liquidate, individually or on a net basis, any contract with or on behalf of the Government of Kuwait for (i) foreign exchange, currency, and interest rate transactions (including, without limitation, spot, forward, option, swap, and futures transactions), and (ii) commodity option, swap, and futures transactions (including the posting or payment of margin or settlement variation with respect to transactions described in subparagraphs (i) and (ii)), provided the contract was entered into prior to the effective date and any of the following requirements is met:

(1) Any funds, currency, securities, or other assets to be paid or delivered to the Government of Kuwait are credited to a blocked account in the name of the entity of the Government of Kuwait with which, or on whose behalf, the transaction was executed; or

(2) Any funds, currency, securities, or other assets to be paid or delivered to the Government of Kuwait are credited to a blocked or restricted account in the name of the Government of Kuwait in the financial institution and location designated in the original payment instructions or terms of



DEPARTMENT OF THE TREASURY
WASHINGTON

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KUWAIT ASSETS CONTROL REGULATIONS
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- 2 -

settlement or delivery for that contract; provided that the country in which payment, settlement, or delivery occurs has in place an arrangement satisfactory to the Office of Foreign Assets Control for ensuring that Government of Kuwait assets in such accounts are blocked or restricted; or

(3) All funds, currency, securities, or other assets due to the Government of Kuwait in connection with such transaction were paid or delivered to the Government of Kuwait prior to the effective date.

(b) All transactions by U.S. persons incidental to the transactions authorized in paragraph (a) are also authorized.

(c) This license does not authorize the crediting of the funds, currency, securities, or other assets received by, or for the benefit of, the Government of Kuwait in a transaction authorized in paragraph (a) to a blocked account or sub-account for the Government of Kuwait under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which the assets utilized by, or on behalf of, the Government of Kuwait in such transaction were held.

(d) The following terms are defined as follows for purposes of this license:

(1) The term "Government of Kuwait" includes

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

- 2 -

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- 3 -

(B) Any partnership, association, corporation, or other organization 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 determined by the Secretary of the Treasury to be included within this section.

(2) The term "effective date" shall mean 5:00 a.m. Eastern Daylight Time, August 2, 1990.

(3) The term "blocked account" shall mean an account in a U.S. financial institution with respect to which account payments, transfers, 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, foreign exchange brokers and foreign exchange merchants,

- 3 -

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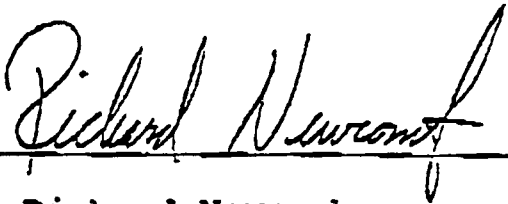
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- 4 -

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: August 13, 1990



R. Richard Newcomb

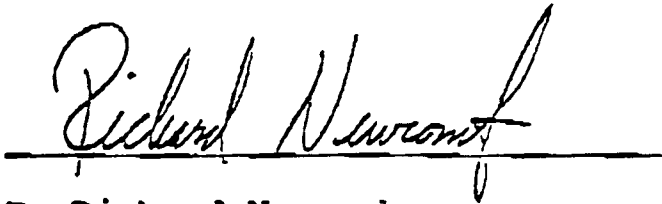
Director

Office of Foreign Assets Control

- 4 -

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Issued: August 13, 1990



R. Richard Newcomb

Director

Office of Foreign Assets Control

AUG 15 1990



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 6

Telecommunications Payments.

(a) All transactions of U.S. common carriers with respect to the receipt and transmission of telecommunications involving Kuwait and Iraq are authorized, provided any payment owed to the Government of Kuwait, the Government of Iraq, or persons in Kuwait or Iraq is paid into a blocked account in a U.S. bank.

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

(1) 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 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 this section.

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

AUG 15 1990

DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 6



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

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

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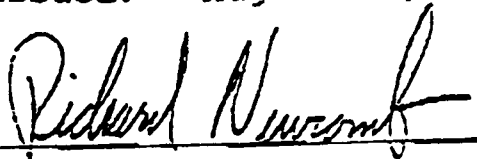
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d) Any other person or organization determined by the Secretary of the Treasury to be included within this section.

(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 "telecommunications" shall mean telephone, telex, and telegraph transmissions, and transmissions for newsgathering purposes.

Issued: August 15, 1990



R. Richard Newcomb
Director
Office of Foreign Assets Control

- 2 -

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

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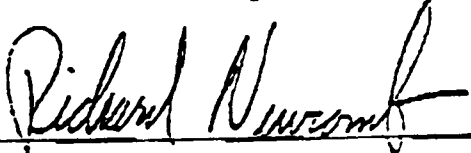
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Director
Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
IRAQI SANCTIONS REGULATIONS
GENERAL LICENSE NO. 7

Payment For Goods or Services Exported Prior to Effective Date to Iraq or Kuwait or to the Government of Iraq or Government of Kuwait.

(a) Specific licenses may be issued on a case-by-case basis to permit payment, from a blocked account or otherwise, of amounts owed to or for the benefit of a U.S. person for goods or services exported by a U.S. person or from the United States prior to the effective date directly or indirectly to Iraq or Kuwait, or to third countries for the benefit of the Government of Iraq or the Government of Kuwait, where the exporter's license application presents evidence satisfactory to the Office of Foreign Assets Control that:

(1) the exportation occurred prior to the effective date (such evidence may include, e.g., bill of lading, air waybill, the purchaser's written confirmation of completed services, customs documents, insurance documents), and

(2) if delivery or performance occurred after the effective date, due diligence was exercised to divert delivery of the goods from Iraq or Kuwait and to effect final delivery of the goods to a non-prohibited destination, or to prevent performance of the services.

(b) This section does not authorize exportations or the performance of services after the effective date pursuant to a contract entered into or partially performed prior to the effective date.



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
IRAQI SANCTIONS REGULATIONS
GENERAL LICENSE NO. 7

Payment For Goods or Services Exported Prior to Effective Date to Iraq or Kuwait or to the Government of Iraq or Government of Kuwait.

(a) Specific licenses may be issued on a case-by-case basis to permit payment, from a blocked account or otherwise, of amounts owed to or for the benefit of a U.S. person for goods or services exported by a U.S. person or from the United States prior to the effective date directly or indirectly to Iraq or Kuwait, or to third countries for the benefit of the Government of Iraq or the Government of Kuwait, where the exporter's license application presents evidence satisfactory to the Office of Foreign Assets Control that:

(1) the exportation occurred prior to the effective date (such evidence may include, e.g., bill of lading, air waybill, the purchaser's written confirmation of completed services, customs documents, insurance documents), and

(2) if delivery or performance occurred after the effective date, due diligence was exercised to divert delivery of the goods from Iraq or Kuwait and to effect final delivery of the goods to a non-prohibited destination, or to prevent performance of the services.

(b) This section does not authorize exportations or the performance of services after the effective date pursuant to a contract entered into or partially performed prior to the effective date.

- 2 -

(c) Transactions conducted under specific licenses granted pursuant to this section must be reported in writing to the Office of Foreign Assets Control, Blocked Assets Section within ten (10) days of the date of payment.

(d) Separate criteria may be applied to the issuance of licenses authorizing payment from an account held in a blocked U.S. bank.

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

(1) The term "U.S. person" shall mean any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States, and vessels of U.S. registration.

(2) The term "effective date" shall mean (A) 5:00 a.m. Eastern Daylight Time, August 2, 1990, in the case of exportations to or for the benefit of the Government of Iraq or the Government of Kuwait; or (B) 8:55 p.m. Eastern Daylight Time, August 9, 1990, in the case of exportations to Iraq or Kuwait, or to a non-governmental business in a third country operated from Iraq or Kuwait.

(3) The term "Government of Iraq" shall mean

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

- 2 -

(c) Transactions conducted under specific licenses granted pursuant to this section must be reported in writing to the Office of Foreign Assets Control, Blocked Assets Section within ten (10) days of the date of payment.

(d) Separate criteria may be applied to the issuance of licenses authorizing payment from an account held in a blocked U.S. bank.

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

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(3) The term "Government of Iraq" shall mean

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

- 3 -

b) Any partnership, association, corporation, or other organization 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 this section.

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

a) The state and the Government of Kuwait, 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 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 this section.

(5) The term "blocked account" shall mean an account in a U.S. financial institution 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

b) Any partnership, association, corporation, or other organization 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

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

(5) The term "blocked account" shall mean an account in a U.S. financial institution 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.

(6) The term "exportation" shall mean (A) the actual departure of goods from the territorial jurisdiction of the country from which exported, or (B) the performance by a U.S. person of services that are intended to result in a benefit to the Government of Iraq, the Government of Kuwait, a person in Iraq or Kuwait, or an entity operated from Iraq or Kuwait.

Issued: August 15, 1990

R. Richard Newcomb
Director
Office of Foreign Assets Control

- 4 -

from the Office of Foreign Assets Control authorizing such action.

(6) The term "exportation" shall mean (A) the actual departure of goods from the territorial jurisdiction of the country from which exported, or (B) the performance by a U.S. person of services that are intended to result in a benefit to the Government of Iraq, the Government of Kuwait, a person in Iraq or Kuwait, or an entity operated from Iraq or Kuwait.

Issued: August 15, 1990

R. Richard Newcomb
Director
Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAITI ASSETS CONTROL REGULATIONS
IRAQI SANCTIONS REGULATIONS
GENERAL LICENSE NO. 8

Transactions Related to Mail Service

All transactions by U.S. persons including payment and transfers to common carriers incident to the receipt or transmission of mail between the United States and Kuwait and between the United States and Iraq are authorized, provided mail is limited to items not exceeding twelve (12) ounces.

Issued: August 23, 1990

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

R. Richard Newcomb
Director
Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAITI ASSETS CONTROL REGULATIONS
IRAQI SANCTIONS REGULATIONS
GENERAL LICENSE NO. 8

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Issued: August 23, 1990

R. Richard Newcomb
Director
Office of Foreign Assets Control



FOR IMMEDIATE RELEASE
September 14, 1990

Contact: Desiree Tucker-Sorini
202-566-8773

STATEMENT BY THE SECRETARY
OF THE TREASURY
NICHOLAS F. BRADY

We are pleased that the Government of Japan has come forward with a significant contribution to the multinational effort to counter the effect of Iraqi aggression in Kuwait. This contribution will help address the immediate needs of the front-line states and assist in the defense of Saudi Arabia.

NB-942



FOR IMMEDIATE RELEASE
September 14, 1990

Contact: Desiree Tucker-Sorini
202-566-8773

STATEMENT BY THE SECRETARY
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NB-942

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DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAITI ASSETS CONTROL REGULATIONS
IRAQI SANCTIONS REGULATIONS

GENERAL LICENSE NO. 11

Importation of Household and Personal Effects from Iraq or Kuwait.

The importation of the household and personal effects of Iraqi or Kuwaiti origin, including baggage and articles for family use, of a person arriving in the United States directly or indirectly from Iraq or Kuwait is authorized. Articles included in such effects may be imported without limitation provided they were actually used by such person or family abroad, are not intended for any other person or for sale, and are not otherwise prohibited from importation.

Issued: September 1, 1990

Richard Newcomb

R. Richard Newcomb

Director

Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAITI ASSETS CONTROL REGULATIONS
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Issued: September 1, 1990

Richard Newcomb
R. Richard Newcomb

Director


Office of Foreign Assets Control

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 this section.

(3) The term "deferred payment" shall mean a payment to be made under a letter of credit at a maturity date specified by or determinable from the wording of the credit, but not involving the acceptance of a tenor draft, and is as used in the Uniform Customs and Practice for Documentary Credits, 1983 Revision, ICC Publication No. 400.

Issued: August 30, 1990



R. Richard Newcomb
Director
Office of Foreign Assets Control

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Issued: August 30, 1990



R. Richard Newcomb
Director
Office of Foreign Assets Control

(1) The term "Government of Iraq" shall mean:

(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;

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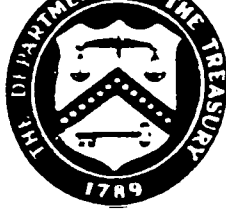
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE Contact: Desiree Tucker-Sorini (202) 566-8773
October 4, 1990 Cheryl Crispen (202) 566-5252

THE DEPARTMENT OF THE TREASURY RELEASES LIST CLARIFYING STATUS OF 95 KUWAITI BANKS AND COMPANIES.

Washington, D.C. -- The Treasury Department today released a list clarifying the status of 95 Kuwaiti banks and companies under the Executive Orders issued by the President when he froze assets belonging to the Governments of Kuwait and Iraq on August 2, 1990.

The list divides the Kuwaiti entities into three categories:

"Controlled/Blocked," which means they are controlled by the Government of Kuwait and/or the Government of Iraq and their assets are frozen;

"Controlled/Licensed to Operate," which means they are controlled by the legitimate Government of Kuwait and have been licensed by the Treasury Department to operate;

"Not Controlled/No Restrictions," which means they are not regarded by the Treasury Department as controlled by the Government of Kuwait or the Government of Iraq. This category was included solely for the purpose of clarification because the Treasury Department has received many requests concerning the status of those particular entities.

The Treasury Department will update the list when new or significant information becomes available. Additions or revisions affecting all three categories are anticipated.

ooo

Attachment

NB-976

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE Contact: Desiree Tucker-Sorini (202)566-8773
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Attachment

NB-976



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAITI ASSETS CONTROL REGULATIONS
General Notice No. 1

NOTIFICATION OF STATUS OF KUWAITI ENTITIES
(10/04/90)

The Treasury Department has been asked about the status of various entities in which Kuwait or Kuwaiti nationals may have an interest for purposes of Executive Order Nos. 12722-12725. Based on information currently available to the Office of Foreign Assets Control, the following lists have been compiled.

The entities listed as "Controlled/Blocked" have been determined to be controlled by the Government of Kuwait and/or the Government of Iraq and should be regarded as blocked entities. This means U.S. persons are prohibited from engaging in transactions with these entities and all assets under U.S. jurisdiction owned or controlled by those entities are blocked. U.S. persons are not prohibited, however, from paying funds owed to these entities into blocked accounts held in U.S. financial institutions.

The entities listed as "Controlled/Licensed to Operate" should also be regarded as controlled by the Government of Kuwait, but as licensed to operate. This means the Office of Foreign Assets Control has determined that the entities are under the effective control of the legitimate Government of Kuwait and U.S. persons are authorized to engage in transactions with them. These authorized transactions include entering into contracts, making and receiving payments, and conducting other commercial or financial transactions. If questions arise, U.S. financial and commercial institutions should request, from the entities concerned, to see copies of the operating licenses.

The entities listed as "Not Controlled/No Restrictions" are not regarded by the Office of Foreign Assets Control as controlled by the Government of Kuwait or the Government of Iraq. The names of these entities appear on the list solely for the purpose of



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAITI ASSETS CONTROL REGULATIONS
General Notice No. 1

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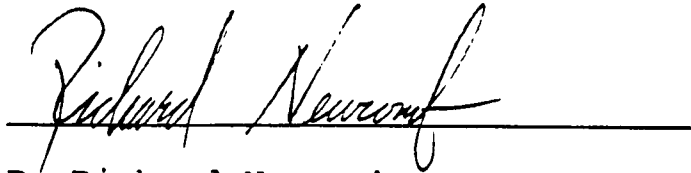
The entities listed as "Not Controlled/No Restrictions" are not regarded by the Office of Foreign Assets Control as controlled by the Government of Kuwait or the Government of Iraq. The names of these entities appear on the list solely for the purpose of

clarification because requests regarding their status have been received. Some of the entities on this list may be subject to special Treasury Department licensing/reporting requirements.

Warning: These lists are subject to revision should new information become available and are not inclusive. Additions to the lists are anticipated. The absence of a particular entity on any of the lists should not be regarded as indicative of whether the entity is owned or controlled by the Government of Kuwait or the Government of Iraq.

For further information concerning this notice contact the Office of Foreign Assets Control at (202) 566-2701.

Issued: October 4, 1990

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

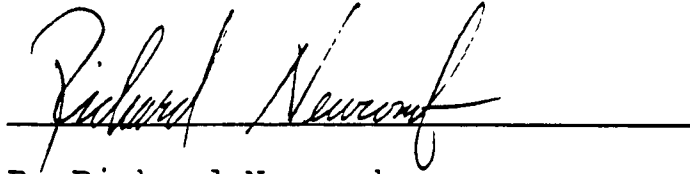
R. Richard Newcomb
Director
Office of Foreign Assets Control

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R. Richard Newcomb
Director
Office of Foreign Assets Control

OFFICE OF FOREIGN ASSETS CONTROL

Status of Kuwaiti Entities
10/04/90

Controlled/Blocked

AlAhli Bank of Kuwait
AlAhlia Insurance Company
Arab Fund for Economic and Social Development
Arab Trust Company
Bahrain Arab International Bank
Bank of Kuwait & Middle East
Burgan Bank
Central Bank of Kuwait
Commercial Bank of Kuwait
Commercial Facilities Company
Gulf Insurance Company
Industrial Bank of Kuwait
International Financial Advisor
Kuwait Finance House
KREIC Singapore
Kuwait Cement Company
Kuwait Clearing Company
Kuwait Hotels Company
Kuwait Metal Pipe Industries Company
Kuwait Real Estate Bank
Kuwait Real Estate Investment Consortium (KREIC)
Kuwait Reinsurance Company
Kuwait Supply Company
Kuwait United Poultry Company
Mobile Telephone Systems
Mubarakiah Poultry and Feed Company
National Industries Company K.S.C.
National Real Estate Company
Public Warehousing Company
Rawdatain Water Bottling Company
Refrigeration Industries Company
Savings and Credit Bank
Securities Group Company
Securities House Company
The Gulf Bank
United Fisheries of Kuwait
United Realty Company
Univest Invest Company
Warba Insurance Company

OFFICE OF FOREIGN ASSETS CONTROL

Status of Kuwaiti Entities

10/04/90

Controlled/Blocked

AlAhli Bank of Kuwait
AlAhlia Insurance Company
Arab Fund for Economic and Social Development
Arab Trust Company
Bahrain Arab International Bank
Bank of Kuwait & Middle East
Burgan Bank
Central Bank of Kuwait
Commercial Bank of Kuwait
Commercial Facilities Company
Gulf Insurance Company
Industrial Bank of Kuwait
International Financial Advisor
Kuwait Finance House
KREIC Singapore
Kuwait Cement Company
Kuwait Clearing Company
Kuwait Hotels Company
Kuwait Metal Pipe Industries Company
Kuwait Real Estate Bank
Kuwait Real Estate Investment Consortium (KREIC)
Kuwait Reinsurance Company
Kuwait Supply Company
Kuwait United Poultry Company
Mobile Telephone Systems
Mubarakiah Poultry and Feed Company
National Industries Company K.S.C.
National Real Estate Company
Public Warehousing Company
Rawdatain Water Bottling Company
Refrigeration Industries Company
Savings and Credit Bank
Securities Group Company
Securities House Company
The Gulf Bank
United Fisheries of Kuwait
United Realty Company
Univest Invest Company
Warba Insurance Company

OFFICE OF FOREIGN ASSETS CONTROL

Status of Kuwaiti Entities

10/04/90

Controlled/Licensed to Operate

Credit des Bergues
Georgetown Industries, Inc. (including subsidiaries)
KFIC, Inc. (including subsidiaries)
Kuwait Airways Corporation
Kuwait Asia Bank
Kuwait Investment Office (including controlled entities)
Kuwait Investment Authority
Kuwait Maritime Transport Company
Kuwait & Middle East Financial Investment Company
Kuwait Oil Tanker Company
Kuwait Petroleum Corporation (London) (including licensed affiliates)
Kuwait Petroleum - North Sea Holdings Ltd. (including subsidiaries)
Santa Fe International Corporation (including subsidiaries and affiliates)
Wafra Intervest Corporation (Cayman) (including subsidiaries and affiliates)

Not Controlled/No Restrictions *

Alexandria Kuwait International Bank
Arab African International Bank
Arab Banking Corporation
Arab Financial Services Company
Arab Hellenic Bank
Arab Insurance Group
Arab Maritime Petroleum Transport
Arab Mining Company
Arab Petroleum Investments Corporation
Arab Turkish Bank
Bahrain Islamic Bank

* Some of these entities may be subject to special Treasury Department licensing/reporting requirements.

OFFICE OF FOREIGN ASSETS CONTROL

Status of Kuwaiti Entities

10/04/90

Controlled/Licensed to Operate

Credit des Bergues
Georgetown Industries, Inc. (including subsidiaries)
KFIC, Inc. (including subsidiaries)
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Kuwait Investment Office (including controlled entities)
Kuwait Investment Authority
Kuwait Maritime Transport Company
Kuwait & Middle East Financial Investment Company
Kuwait Oil Tanker Company
Kuwait Petroleum Corporation (London) (including licensed affiliates)
Kuwait Petroleum - North Sea Holdings Ltd. (including subsidiaries)
Santa Fe International Corporation (including subsidiaries and affiliates)
Wafra Intervest Corporation (Cayman) (including subsidiaries and affiliates)

Not Controlled/No Restrictions *

Alexandria Kuwait International Bank
Arab African International Bank
Arab Banking Corporation
Arab Financial Services Company
Arab Hellenic Bank
Arab Insurance Group
Arab Maritime Petroleum Transport
Arab Mining Company
Arab Petroleum Investments Corporation
Arab Turkish Bank
Bahrain Islamic Bank

* Some of these entities may be subject to special Treasury Department licensing/reporting requirements.



OFFICE OF FOREIGN ASSETS CONTROL

Status of Kuwaiti Entities

10/04/90

Not Controlled/No Restrictions *
(continued from previous page)

Bahrain Islamic Investment Company
Bahrain Middle East Bank
Banco Arabe Espanol
Banco Atlantico
Bank of Bahrain and Kuwait
Bank of Oman, Bahrain & Kuwait
CHENI
Dao Heng Bank
FRAB Bank International
Gulf International Bank
Gulf Investment Corporation
Independent Petroleum Group
International Contracting Group
Jordan Fertilizer Industry Company
Jordan Kuwait Bank
Korea Kuwait Banking Corporation
Kuwait French Bank
Kuwait Investment Projects Company
Kuwait Lebanon Bank
Kuwait National Cinema Company
National Bank of Kuwait
National Investment Company
Oman Housing Bank
Pearl Holding Company
Swiss Kuwaiti Bank
The Arab Investment Company
UBAF Arab American Bank
United Arab Shipping Company
United Bank of Kuwait
United Gulf Bank
Yemen Kuwait Bank

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OFFICE OF FOREIGN ASSETS CONTROL

Status of Kuwaiti Entities

10/04/90

Not Controlled/No Restrictions *
(continued from previous page)

Bahrain Islamic Investment Company
Bahrain Middle East Bank
Banco Arabe Espanol
Banco Atlantico
Bank of Bahrain and Kuwait
Bank of Oman, Bahrain & Kuwait
CHENI
Dao Heng Bank
FRAB Bank International
Gulf International Bank
Gulf Investment Corporation
Independent Petroleum Group
International Contracting Group
Jordan Fertilizer Industry Company
Jordan Kuwait Bank
Korea Kuwait Banking Corporation
Kuwait French Bank
Kuwait Investment Projects Company
Kuwait Lebanon Bank
Kuwait National Cinema Company
National Bank of Kuwait
National Investment Company
Oman Housing Bank
Pearl Holding Company
Swiss Kuwaiti Bank
The Arab Investment Company
UBAF Arab American Bank
United Arab Shipping Company
United Bank of Kuwait
United Gulf Bank
Yemen Kuwait Bank

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4810-25-M

11/27/90
Department of the Treasury
Office of the Assistant Secretary
for Economic Policy

DEPARTMENT OF THE TREASURY

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

SUMMARY: On August 2, 1990, upon Iraq's invasion of Kuwait, the President issued Executive Order No. 12722. In that order he declared a national emergency with respect to Iraq, invoking the authority, inter alia, of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), ordered specified sanctions against Iraq, and authorized the Secretary of the Treasury, in consultation with the Secretary of State, to take such actions, including the promulgation of rules and regulations, as might be necessary to carry out the purposes of the Order. Pursuant to this declaration of national emergency, the President also issued Executive Order No. 12723, at the request of the recognized Government of Kuwait, blocking all property and interests in property of the Government of Kuwait as a protective measure. On August 9, 1990, the President issued Executive Orders No. 12724 and No. 12725, imposing additional sanctions on Iraq, consistent with Resolution 661, dated

4810-25-M

11/13/90
Treasury
Of the Federal Register

DEPARTMENT OF THE TREASURY

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

SUMMARY: On August 2, 1990, upon Iraq's invasion of Kuwait, the President issued Executive Order No. 12722. In that order he declared a national emergency with respect to Iraq, invoking the authority, *inter alia*, of the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), ordered specified sanctions against Iraq, and authorized the Secretary of the Treasury, in consultation with the Secretary of State, to take such actions, including the promulgation of rules and regulations, as might be necessary to carry out the purposes of the Order. Pursuant to this declaration of national emergency, the President also issued Executive Order No. 12723, at the request of the recognized Government of Kuwait, blocking all property and interests in property of the Government of Kuwait as a protective measure. On August 9, 1990, the President issued Executive Orders No. 12724 and No. 12725, imposing additional sanctions on Iraq, consistent with Resolution 661, dated

August 6, 1990, of the United Nations Security Council, and imposing similar sanctions on Kuwait to ensure that no benefit from the United States flowed to the Government of Iraq in militarily-occupied Kuwait. In implementation of those Orders, the Treasury Department is issuing the Kuwaiti Assets Control Regulations ("Regulations").

The Regulations block all property and interests in property of the Government of Kuwait or any person purporting to be the Government of Kuwait, its agencies, instrumentalities, and controlled entities, including the Central Bank of Kuwait, that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of U.S. persons, including their overseas branches. The Regulations also generally prohibit: (a) imports into the United States of goods or services from Kuwait; (b) exports from the United States of goods, technology or services to Kuwait or entities operated from Kuwait; (c) any dealing by any U.S. person in Kuwaiti-origin goods or any other goods from Kuwait or intended for Kuwait; (d) transactions by U.S. persons relating to travel by U.S. citizens and permanent resident aliens to Kuwait, including their activities within Kuwait; (e) transactions by U.S. persons relating to transportation to or from Kuwait; transportation services to or from the United States by Kuwaiti persons, vessels, or aircraft; or the sale in the United States by any person holding authority under the Federal Aviation Act of any

August 6, 1990, of the United Nations Security Council, and imposing similar sanctions on Kuwait to ensure that no benefit from the United States flowed to the Government of Iraq in militarily-occupied Kuwait. In implementation of those Orders, the Treasury Department is issuing the Kuwaiti Assets Control Regulations ("Regulations").

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transportation by air which includes any stop in Kuwait;
(f) performance by U.S. persons of contracts in support of industrial, commercial, public utility, or governmental projects in Kuwait; and (g) any transfer of funds by U.S. persons to the Government of Kuwait or any person in Kuwait.
EFFECTIVE DATE: [Date of Publication]

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: All General Licenses issued by the Office of Foreign Assets Control prior to [date of publication] may continue to be relied on to validate actions prior to this date during the period of their validity. Specific licenses issued prior to this date continue in effect according to their terms unless modified by the Office of Foreign Assets Control.

Authorizations contained in General Licenses issued prior to publication of these regulations can now be found in the following sections:

Issuance Date	License Number	Regulation Section
8/02/90	General License No. 1	Amended
8/15/90	General License No. 1, amended	Section 570.504
8/08/90	General License No. 2	Section 570.509

transportation by air which includes any stop in Kuwait;
(f) performance by U.S. persons of contracts in support of industrial, commercial, public utility, or governmental projects in Kuwait; and (g) any transfer of funds by U.S. persons to the Government of Kuwait or any person in Kuwait.

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8/15/90	General License No. 1, amended	Section 570.504
8/08/90	General License No. 2	Section 570.509

8/08/90	General License No. 3	Amended
10/15/90	General License No. 3, amended	Section 570.512
8/08/90	General License No. 4	Revoked 10/2/90
8/13/90	General License No. 5	Section 570.504
8/15/90	General License No. 6	Section 570.513
8/15/90	General License No. 7,	Amended
10/18/90	General License No. 7, amended	Section 570.510
8/23/90	General License No. 8	Section 570.514
8/27/90	General License No. 9	Section 570.517
8/30/90	General License No.10	Section 570.505
9/01/90	General License No.11	Section 570.508
9/26/90	General License No.12	Section 570.520

Transactions otherwise prohibited under this part may be authorized by a general license contained in Subpart E or by a specific license issued pursuant to the procedures described in Section 570.801 of Subpart H.

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. 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.

8/08/90	General License No. 3	Amended
10/15/90	General License No. 3, amended	Section 570.512
8/08/90	General License No. 4	Revoked 10/2/90
8/13/90	General License No. 5	Section 570.504
8/15/90	General License No. 6	Section 570.513
8/15/90	General License No. 7,	Amended
10/18/90	General License No. 7, amended	Section 570.510
8/23/90	General License No. 8	Section 570.514
8/27/90	General License No. 9	Section 570.517
8/30/90	General License No.10	Section 570.505
9/01/90	General License No.11	Section 570.508
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Transactions otherwise prohibited under this part may be authorized by a general license contained in Subpart E or by a specific license issued pursuant to the procedures described in Section 570.801 of Subpart H.

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These regulations are being issued without prior notice and public procedure pursuant to the Administrative Procedure Act. For this reason, the collections of information contained in these regulations are being submitted to the Office of Management and Budget ("OMB") under the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.). Comments concerning the collection of information and the accuracy of estimated average annual burden, and suggestions for reducing this burden should be directed to OMB, Paperwork Reduction Project (1505-****), Washington, D.C. 20503, with copies to the Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Ave., N.W. -- Annex, Washington, D.C. 20220. Any such comments should be submitted not later than [60 days from date of publication]. Notice of OMB action on these requests will be published in the Federal Register.

The collections of information in these regulations are contained in §§ 570.503, 570.509 - 570.512, 570.515, 570.517, 570.518, 570.520, 570.521, Subpart F, and §§ 570.703, and 570.801. This information is required by the Office of Foreign Assets Control for licensing, compliance, civil penalty and enforcement purposes. This information will be used to determine the eligibility of applicants for the benefits provided through specific licenses, to determine whether persons subject to the regulations are in compliance with applicable requirements, and to determine whether and to what extent civil penalty or

These regulations are being issued without prior notice and public procedure pursuant to the Administrative Procedure Act. For this reason, the collections of information contained in these regulations are being submitted to the Office of Management and Budget ("OMB") under the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.). Comments concerning the collection of information and the accuracy of estimated average annual burden, and suggestions for reducing this burden should be directed to OMB, Paperwork Reduction Project (1505-****), Washington, D.C. 20503, with copies to the Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Ave., N.W. -- Annex, Washington, D.C. 20220. Any such comments should be submitted not later than [60 days from date of publication]. Notice of OMB action on these requests will be published in the Federal Register.

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other enforcement action is appropriate. The likely respondents and recordkeepers are individuals and business organizations.

Estimated total annual reporting and/or recordkeeping burden: 2000 hours.

The estimated annual burden per respondent/recordkeeper varies from 30 minutes to 10 hours, depending on individual circumstances, with an estimated average of 2 hours.

Estimated number of respondents and/or recordkeepers: 1000.

Estimated annual frequency of responses: 1 - 12.

List of Subjects in 31 CFR Part 570:

Iraq, Kuwait, Banks, Banking, Finance, Blocking of assets, Imports, Exports, Loan Program, Penalties, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, Part 570 is added to 31 CFR Chapter V as follows:

PART 570--KUWAITI ASSETS CONTROL REGULATIONS

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.

other enforcement action is appropriate. The likely respondents and recordkeepers are individuals and business organizations.

Estimated total annual reporting and/or recordkeeping burden: 2000 hours.

The estimated annual burden per respondent/recordkeeper varies from 30 minutes to 10 hours, depending on individual circumstances, with an estimated average of 2 hours.

Estimated number of respondents and/or recordkeepers: 1000.

Estimated annual frequency of responses: 1 - 12.

List of Subjects in 31 CFR Part 570:

Iraq, Kuwait, Banks, Banking, Finance, Blocking of assets, Imports, Exports, Loan Program, Penalties, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, Part 570 is added to 31 CFR Chapter V as follows:

PART 570--KUWAITI ASSETS CONTROL REGULATIONS

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 A -- Relation of this Part to Other Laws and Regulations

Section 570.101 Relation of this part to other laws and regulations.

Subpart B -- Prohibitions

Section 570.201 Prohibited transactions involving property in which the Government of Kuwait has an interest; transactions with respect to securities.

Section 570.202 Effect of transfers violating the provisions of this part.

Section 570.203 Holding of certain types of blocked property in interest-bearing accounts.

Section 570.204 Prohibited importation of goods or services from Kuwait.

Section 570.205 Prohibited exportation and reexportation of goods, technology, or services to Kuwait.

Section 570.206 Prohibited dealing in property.

Section 570.207 Prohibited transactions relating to travel to Kuwait or to activities within Kuwait.

Section 570.208 Prohibited transportation-related transactions involving Kuwait.

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

Subpart A -- Relation of this Part to Other Laws and Regulations

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Section 570.207 Prohibited transactions relating to travel to Kuwait or to activities within Kuwait.

Section 570.208 Prohibited transportation-related transactions involving Kuwait.

Section 570.209 Prohibited performance of contracts.

Section 570.210 Prohibited transfers of funds to the
Government of Kuwait or any person in Kuwait.

Section 570.211 Evasions; attempts; conspiracies.

Section 570.212 Effective date.

Subpart C -- General Definitions

Section 570.301 Blocked account; blocked property.

Section 570.302 Effective date.

Section 570.303 Entity.

Section 570.304 Entity of the Government of Kuwait; Kuwaiti
government entity.

Section 570.305 General license.

Section 570.306 Government of Iraq.

Section 570.307 Government of Kuwait.

Section 570.308 Interest.

Section 570.309 Iraq; Iraqi.

Section 570.310 Kuwait; Kuwaiti.

Section 570.311 Kuwaiti origin.

Section 570.312 Kuwaiti person.

Section 570.313 License.

Section 570.314 Person.

Section 570.315 Property; property interest.

Section 570.316 Specific license.

Section 570.317 Transfer.

Section 570.318 UNSC Resolution 661.

Section 570.209 Prohibited performance of contracts.

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Government of Kuwait or any person in Kuwait.

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Section 570.306 Government of Iraq.

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Section 570.308 Interest.

Section 570.309 Iraq; Iraqi.

Section 570.310 Kuwait; Kuwaiti.

Section 570.311 Kuwaiti origin.

Section 570.312 Kuwaiti person.

Section 570.313 License.

Section 570.314 Person.

Section 570.315 Property; property interest.

Section 570.316 Specific license.

Section 570.317 Transfer.

Section 570.318 UNSC Resolution 661.

Section 570.319 United States.

Section 570.320 U.S. financial institution.

Section 570.321 United States person; U.S. person.

Subpart D -- Interpretations

Section 570.401 Reference to amended sections.

Section 570.402 Effect of amendment.

Section 570.403 Termination and acquisition of an interest
of the Government of Kuwait.

Section 570.404 Payments from blocked accounts to U.S.
exporters and for other obligations prohibited.

Section 570.405 Acquisition of instruments including
bankers acceptances.

Section 570.406 Extensions of credit or loans to Kuwait.

Section 570.407 Payments in connection with certain
authorized transactions.

Section 570.408 Offshore transactions.

Section 570.409 Transshipments through the United States
prohibited.

Section 570.410 Imports of Kuwaiti goods from third
countries.

Section 570.411 Exports to third countries.

Section 570.412 Release of Kuwaiti goods from bonded
warehouse or foreign trade zone.

Section 570.413 Goods intended for export to Kuwait.

Section 570.414 Imports of Kuwaiti goods and purchases of

- Section 570.319 United States.
- Section 570.320 U.S. financial institution.
- Section 570.321 United States person; U.S. person.

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- Section 570.414 Imports of Kuwaiti goods and purchases of

goods from Kuwait.

Section 570.415 Setoffs prohibited.

Section 570.416 Travel transactions for journalistic activity in Kuwait.

Section 570.417 Transactions among licensed entities.

Section 570.418 Transactions incidental to a licensed transaction.

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

Section 570.501 Effect of license or authorization.

Section 570.502 Exclusion from licenses and authorizations.

Section 570.503 Payments and transfers to blocked accounts in U.S. financial institutions.

Section 570.504 Completion of certain foreign exchange, securities, and commodities transactions.

Section 570.505 Completion of certain transactions related to bankers acceptances authorized.

Section 570.506 Payment by the Government of Kuwait of obligations to persons within the United States authorized.

Section 570.507 Certain exports to Kuwait authorized.

Section 570.508 Import of household and personal effects from Kuwait authorized.

Section 570.509 Payment and transfers authorized for

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Section 570.507 Certain exports to Kuwait authorized.

Section 570.508 Import of household and personal effects from Kuwait authorized.

Section 570.509 Payment and transfers authorized for

shipments of oil under contract and en route to the United States prior to the effective date.

Section 570.510 Payment and transfers authorized for goods and services exported to Kuwait prior to the effective date.

Section 570.511 Extensions and renewals authorized.

Section 570.512 Investment and reinvestment of Government of Kuwait funds held in blocked accounts.

Section 570.513 Transactions related to telecommunications authorized.

Section 570.514 Transactions related to mail authorized.

Section 570.515 Fees for professional services authorized.

Section 570.516 Certain transactions with respect to patents, trademarks, and copyrights authorized.

Section 570.517 Procedures established for export transactions initiated prior to the effective date.

Section 570.518 Certain standby letters of credit and performance bonds.

Section 570.519 Certain imports for diplomatic or official personnel authorized.

Section 570.520 Donations of food to relieve human suffering authorized.

Section 570.521 Certain exportations of medical supplies authorized.

Subpart F -- Reports

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Section 570.510 Payment and transfers authorized for goods and services exported to Kuwait prior to the effective date.

Section 570.511 Extensions and renewals authorized.

Section 570.512 Investment and reinvestment of Government of Kuwait funds held in blocked accounts.

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Section 570.521 Certain exportations of medical supplies authorized.

Subpart F -- Reports

Section 570.601 Required records.

Section 570.602 Reports to be furnished on demand.

Section 570.603 Reports on certain correspondent bank
accounts.

Subpart G -- Penalties

Section 570.701 Penalties.

Section 570.702 Prepenalty notice.

Section 570.703 Presentation responding to prepenalty
notice.

Section 570.704 Penalty notice.

Section 570.705 Referral to United States Department of
Justice.

Subpart H -- Procedures

Section 570.801 Licensing.

Section 570.802 Decisions.

Section 570.803 Amendment, modification, or revocation.

Section 570.804 Rulemaking.

Section 570.805 Delegation by the Secretary of the
Treasury.

Section 570.806 Rules governing availability of
information.

Subpart I -- Paperwork Reduction Act

Section 570.601 Required records.

Section 570.602 Reports to be furnished on demand.

Section 570.603 Reports on certain correspondent bank
accounts.

Subpart G -- Penalties

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Treasury.

Section 570.806 Rules governing availability of
information.

Subpart I -- Paperwork Reduction Act

Section 570.901 [Reserved].

APPENDIX A TO PART 570--KUWAITI GOVERNMENTAL ENTITIES

Subpart A -- Relation of This Part to Other Laws and
Regulations

Section 570.101 Relation of this part to other laws and
regulations.

(a) This part is separate from, and independent of, the other parts of this chapter. No license or authorization contained in or issued pursuant to those other parts authorizes any transaction prohibited by this part. No license or authorization contained in or issued pursuant to any other provision of law or regulation authorizes any transaction prohibited by this part.

(b) No license or authorization contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

Subpart B -- Prohibitions

Section 570.201 Prohibited transactions involving property

Section 570.901 [Reserved].

APPENDIX A TO PART 570--KUWAITI GOVERNMENTAL ENTITIES

Subpart A -- Relation of This Part to Other Laws and
Regulations

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Subpart B -- Prohibitions

Section 570.201 Prohibited transactions involving property

in which the Government of Kuwait has an interest;
transactions with respect to securities.

(a) Except as authorized by regulations, rulings, instructions, licenses, or otherwise, no property or interests in property of the Government of Kuwait that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of U.S. persons, including their overseas branches, may be transferred, paid, exported, withdrawn or otherwise dealt in.

(b) Unless otherwise authorized by this part or by a specific license expressly referring to this section, the transfer (including the transfer on the books of any issuer or agent thereof), the endorsement or guaranty of signatures on, or any other dealing in any security (or evidence thereof) registered or inscribed in the name of the Government of Kuwait and held within the possession or control of a U.S. person is prohibited, irrespective of the fact that at any time either at or subsequent to the effective date the registered or inscribed owner thereof may have, or appears to have, assigned, transferred, or otherwise disposed of any such security.

(c) A transfer of property to or from the Government of Kuwait and not involving a U.S. person shall be recognized for purposes of this section if the transfer complied with all applicable United Nations Security Council resolutions

in which the Government of Kuwait has an interest;
transactions with respect to securities.

(a) Except as authorized by regulations, rulings, instructions, licenses, or otherwise, no property or interests in property of the Government of Kuwait that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of U.S. persons, including their overseas branches, may be transferred, paid, exported, withdrawn or otherwise dealt in.

(b) Unless otherwise authorized by this part or by a specific license expressly referring to this section, the transfer (including the transfer on the books of any issuer or agent thereof), the endorsement or guaranty of signatures on, or any other dealing in any security (or evidence thereof) registered or inscribed in the name of the Government of Kuwait and held within the possession or control of a U.S. person is prohibited, irrespective of the fact that at any time either at or subsequent to the effective date the registered or inscribed owner thereof may have, or appears to have, assigned, transferred, or otherwise disposed of any such security.

(c) A transfer of property to or from the Government of Kuwait and not involving a U.S. person shall be recognized for purposes of this section if the transfer complied with all applicable United Nations Security Council resolutions

as implemented in the country of transfer as to the property transferred, and was otherwise lawful in the country of transfer.

(d) Example: If a U.S. person acquires a security which had been sold on August 9, 1990, by the Government of Kuwait to a citizen of the United Kingdom, the security would not be considered property in which the Government of Kuwait has an interest if the August 9 transfer was lawful in the United Kingdom. The United Kingdom implemented UNSC Resolution 661 prior to August 9, 1990, with respect to transfers of securities to and from the Government of Kuwait.

Section 570.202 Effect of transfers violating the provisions of this part.

(a) Any transfer after the effective date, which is in violation of any provision of this part or of any regulation, ruling, instruction, license, or other direction or authorization hereunder and involves any property in which the Government of Kuwait has or has had an interest since such date, is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property.

(b) No transfer before the effective date shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any

as implemented in the country of transfer as to the property transferred, and was otherwise lawful in the country of transfer.

(d) Example: If a U.S. person acquires a security which had been sold on August 9, 1990, by the Government of Kuwait to a citizen of the United Kingdom, the security would not be considered property in which the Government of Kuwait has an interest if the August 9 transfer was lawful in the United Kingdom. The United Kingdom implemented UNSC Resolution 661 prior to August 9, 1990, with respect to transfers of securities to and from the Government of Kuwait.

Section 570.202 Effect of transfers violating the provisions of this part.

(a) Any transfer after the effective date, which is in violation of any provision of this part or of any regulation, ruling, instruction, license, or other direction or authorization hereunder and involves any property in which the Government of Kuwait has or has had an interest since such date, is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property.

(b) No transfer before the effective date shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any

property in which the Government of Kuwait has an interest, or has had an interest since such date, unless the person with whom such property is held or maintained, prior to such date, had written notice of the transfer or by any written evidence had recognized such transfer.

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Director of the Office of Foreign Assets Control before, during, or after a transfer shall validate such transfer or render it enforceable to the same extent that it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act, the United Nations Participation Act, and this part, and any ruling, order, regulation, direction, or instruction issued hereunder.

(d) Transfers of property which otherwise would be null and void or unenforceable by virtue of the provisions of this section shall not be deemed to be null and void or unenforceable as to any person with whom such property was held or maintained (and as to such person only) in cases in which such person is able to establish to the satisfaction of the Director of the Office of Foreign Assets Control each of the following:

(1) Such transfer did not represent a willful violation of the provisions of this part by the person with whom such property was held or maintained;

property in which the Government of Kuwait has an interest, or has had an interest since such date, unless the person with whom such property is held or maintained, prior to such date, had written notice of the transfer or by any written evidence had recognized such transfer.

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Director of the Office of Foreign Assets Control before, during, or after a transfer shall validate such transfer or render it enforceable to the same extent that it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act, the United Nations Participation Act, and this part, and any ruling, order, regulation, direction, or instruction issued hereunder.

(d) Transfers of property which otherwise would be null and void or unenforceable by virtue of the provisions of this section shall not be deemed to be null and void or unenforceable as to any person with whom such property was held or maintained (and as to such person only) in cases in which such person is able to establish to the satisfaction of the Director of the Office of Foreign Assets Control each of the following:

(1) Such transfer did not represent a willful violation of the provisions of this part by the person with whom such property was held or maintained;

(2) The person with whom such property was held or maintained did not have reasonable cause to know or suspect, in view of all the facts and circumstances known or available to such person, that such transfer required a license or authorization by or pursuant to this part and was not so licensed or authorized, or if a license or authorization did purport to cover the transfer, that such license or authorization had been obtained by misrepresentation of a third party or the withholding of material facts or was otherwise fraudulently obtained; and

(3) Promptly upon discovery that

(i) such transfer was in violation of the provisions of this part or any regulation, ruling, instruction, license, or other direction or authorization hereunder, or

(ii) such transfer was not licensed or authorized by the Director of the Office of Foreign Assets Control, or

(iii) if a license did purport to cover the transfer, such license had been obtained by misrepresentation of a third party or the withholding of material facts or was otherwise fraudulently obtained;

the person with whom such property was held or maintained filed with the Office of Foreign Assets Control a report setting forth in full the circumstances relating to such transfer. The filing of a report in accordance with the provisions of this paragraph shall not be deemed evidence that the terms of paragraphs (d)(1) and (2) of this section have been satisfied.

(2) The person with whom such property was held or maintained did not have reasonable cause to know or suspect, in view of all the facts and circumstances known or available to such person, that such transfer required a license or authorization by or pursuant to this part and was not so licensed or authorized, or if a license or authorization did purport to cover the transfer, that such license or authorization had been obtained by misrepresentation of a third party or the withholding of material facts or was otherwise fraudulently obtained; and

(3) Promptly upon discovery that

(i) such transfer was in violation of the provisions of this part or any regulation, ruling, instruction, license, or other direction or authorization hereunder, or

(ii) such transfer was not licensed or authorized by the Director of the Office of Foreign Assets Control, or

(iii) if a license did purport to cover the transfer, such license had been obtained by misrepresentation of a third party or the withholding of material facts or was otherwise fraudulently obtained;

the person with whom such property was held or maintained filed with the Office of Foreign Assets Control a report setting forth in full the circumstances relating to such transfer. The filing of a report in accordance with the provisions of this paragraph shall not be deemed evidence that the terms of paragraphs (d)(1) and (2) of this section have been satisfied.

(e) Unless licensed or authorized pursuant to this part, any attachment, judgment, decree, lien, execution, garnishment, or other judicial process is null and void with respect to any property in which, on or since the effective date, there existed an interest of the Government of Kuwait.

Section 570.203 Holding of certain types of blocked property in interest-bearing accounts.

(a) Any person, including a U.S. financial institution, currently holding property subject to § 570.201 which, as of the effective date or the date of receipt if subsequent to the effective date, is not being held in an interest-bearing account, or otherwise invested in a manner authorized by the Office of Foreign Assets Control, must transfer such property to, or hold such property or cause such property to be held in, an interest-bearing account or interest-bearing status in a U.S. financial institution as of the effective date or the date of receipt if subsequent to the effective date of this section, unless otherwise authorized or directed by the Office of Foreign Assets Control. This requirement shall apply to currency and any other financial assets, bank deposits, accounts, and any proceeds resulting from the sale of tangible or intangible property. If interest is credited to an account separate from that in which the interest-bearing asset is held, the name of the account party on both accounts must be the same and must

(e) Unless licensed or authorized pursuant to this part, any attachment, judgment, decree, lien, execution, garnishment, or other judicial process is null and void with respect to any property in which, on or since the effective date, there existed an interest of the Government of Kuwait.

Section 570.203 Holding of certain types of blocked property in interest-bearing accounts.

(a) Any person, including a U.S. financial institution, currently holding property subject to § 570.201 which, as of the effective date or the date of receipt if subsequent to the effective date, is not being held in an interest-bearing account, or otherwise invested in a manner authorized by the Office of Foreign Assets Control, must transfer such property to, or hold such property or cause such property to be held in, an interest-bearing account or interest-bearing status in a U.S. financial institution as of the effective date or the date of receipt if subsequent to the effective date of this section, unless otherwise authorized or directed by the Office of Foreign Assets Control. This requirement shall apply to currency and any other financial assets, bank deposits, accounts, and any proceeds resulting from the sale of tangible or intangible property. If interest is credited to an account separate from that in which the interest-bearing asset is held, the name of the account party on both accounts must be the same and must

clearly indicate the blocked Government of Kuwait entity having an interest in the accounts.

(b) For purposes of this section, the term "interest-bearing account" means a blocked account in a U.S. financial institution earning interest at rates that are commercially reasonable for the amount of funds in the account. Except as otherwise authorized, the funds may not be invested or held in instruments the maturity of which exceeds 90 days, unless such investments are readily marketable and are purchased at the direction of the Government of Kuwait.

(c) This section does not apply to blocked tangible property, such as chattels, nor does it create an affirmative obligation on the part of the holder of such blocked tangible property to sell or liquidate the property and put the proceeds in a blocked account. However, the Office of Foreign Assets Control may issue licenses permitting or directing sales of tangible property in appropriate cases.

Section 570.204 Prohibited importation of goods or services from Kuwait.

Except as otherwise authorized, no goods or services of Kuwaiti origin may be imported into the United States, nor may any U.S. person engage in any activity that promotes or is intended to promote such importation.

clearly indicate the blocked Government of Kuwait entity having an interest in the accounts.

(b) For purposes of this section, the term "interest-bearing account" means a blocked account in a U.S. financial institution earning interest at rates that are commercially reasonable for the amount of funds in the account. Except as otherwise authorized, the funds may not be invested or held in instruments the maturity of which exceeds 90 days, unless such investments are readily marketable and are purchased at the direction of the Government of Kuwait.

(c) This section does not apply to blocked tangible property, such as chattels, nor does it create an affirmative obligation on the part of the holder of such blocked tangible property to sell or liquidate the property and put the proceeds in a blocked account. However, the Office of Foreign Assets Control may issue licenses permitting or directing sales of tangible property in appropriate cases.

Section 570.204 Prohibited importation of goods or services from Kuwait.

Except as otherwise authorized, no goods or services of Kuwaiti origin may be imported into the United States, nor may any U.S. person engage in any activity that promotes or is intended to promote such importation.

Section 570.205 Prohibited exportation and reexportation of goods, technology, or services to Kuwait.

Except as otherwise authorized, no goods, technology (including technical data or other information), or services may be exported from the United States, or, if subject to U.S. jurisdiction, exported or reexported from a third country to Kuwait, to any entity owned or controlled by the Government of Kuwait, or to any entity operated from Kuwait, except donated foodstuffs in humanitarian circumstances, and donated supplies intended strictly for medical purposes, the exportation of which has been specifically licensed pursuant to § 570.507, 570.519, 570.520 or 570.521.

Section 570.206 Prohibited dealing in property.

Except as otherwise authorized, no U.S. person may deal in property of Kuwaiti origin exported from Kuwait or Iraq after August 6, 1990, property intended for exportation to Kuwait, or property intended for exportation from Kuwait to any other country, nor may any U.S. person engage in any activity that promotes or is intended to promote such dealing.

Section 570.207 Prohibited transactions relating to travel to Kuwait or to activities within Kuwait.

Section 570.205 Prohibited exportation and reexportation of goods, technology, or services to Kuwait.

Except as otherwise authorized, no goods, technology (including technical data or other information), or services may be exported from the United States, or, if subject to U.S. jurisdiction, exported or reexported from a third country to Kuwait, to any entity owned or controlled by the Government of Kuwait, or to any entity operated from Kuwait, except donated foodstuffs in humanitarian circumstances, and donated supplies intended strictly for medical purposes, the exportation of which has been specifically licensed pursuant to § 570.507, 570.519, 570.520 or 570.521.

Section 570.206 Prohibited dealing in property.

Except as otherwise authorized, no U.S. person may deal in property of Kuwaiti origin exported from Kuwait or Iraq after August 6, 1990, property intended for exportation to Kuwait, or property intended for exportation from Kuwait to any other country, nor may any U.S. person engage in any activity that promotes or is intended to promote such dealing.

Section 570.207 Prohibited transactions relating to travel to Kuwait or to activities within Kuwait.

Except as otherwise authorized, no U.S. person may engage in any transaction relating to travel by any U.S. citizen or permanent resident alien to Kuwait, or to activities by any U.S. citizen or permanent resident alien within Kuwait, or to activities by any U.S. citizen or permanent resident alien within Kuwait, after the effective date, other than transactions:

(a) Necessary to effect the departure of a U.S. citizen or permanent resident alien from Kuwait or Iraq;

(b) Relating to travel and activities for the conduct of the official business of the United States Government or the United Nations; or

(c) Relating to journalistic activity by persons regularly employed in such capacity by a newsgathering organization.

This section prohibits the unauthorized payment by a U.S. person of his or her own travel or living expenses to or within Kuwait.

Section 570.208 Prohibited transportation-related transactions involving Kuwait.

Except as otherwise authorized, the following are prohibited:

(a) Any transaction by a U.S. person relating to transportation to or from Kuwait;

Except as otherwise authorized, no U.S. person may engage in any transaction relating to travel by any U.S. citizen or permanent resident alien to Kuwait, or to activities by any U.S. citizen or permanent resident alien within Kuwait, or to activities by any U.S. citizen or permanent resident alien within Kuwait, after the effective date, other than transactions:

(a) Necessary to effect the departure of a U.S. citizen or permanent resident alien from Kuwait or Iraq;

(b) Relating to travel and activities for the conduct of the official business of the United States Government or the United Nations; or

(c) Relating to journalistic activity by persons regularly employed in such capacity by a newsgathering organization.

This section prohibits the unauthorized payment by a U.S. person of his or her own travel or living expenses to or within Kuwait.

Section 570.208 Prohibited transportation-related transactions involving Kuwait.

Except as otherwise authorized, the following are prohibited:

(a) Any transaction by a U.S. person relating to transportation to or from Kuwait;

(b) The provision of transportation to or from the United States by any Kuwaiti person or any vessel or aircraft of Kuwaiti registration; or

(c) the sale in the United States by any person holding authority under the Federal Aviation Act of any transportation by air which includes any stop in Kuwait.

(d) Example: Unless licensed or exempted, no U.S. person may insure, or provide ticketing, ground, port, refueling, bunkering, clearance, or freight forwarding services, with respect to any sea, ground, or air transportation the destination of which is Kuwait, or which is intended to make a stop in Kuwait.

Section 570.209 Prohibited performance of contracts.

Except as otherwise authorized, no U.S. person may perform any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Kuwait.

Section 570.210 Prohibited transfer of funds to the Government of Kuwait or any person in Kuwait.

Except as otherwise authorized, no U.S. person may commit or transfer, directly or indirectly, funds or other financial or economic resources to the Government of Kuwait or any person in Kuwait.

(b) The provision of transportation to or from the United States by any Kuwaiti person or any vessel or aircraft of Kuwaiti registration; or

(c) the sale in the United States by any person holding authority under the Federal Aviation Act of any transportation by air which includes any stop in Kuwait.

(d) Example: Unless licensed or exempted, no U.S. person may insure, or provide ticketing, ground, port, refueling, bunkering, clearance, or freight forwarding services, with respect to any sea, ground, or air transportation the destination of which is Kuwait, or which is intended to make a stop in Kuwait.

Section 570.209 Prohibited performance of contracts.

Except as otherwise authorized, no U.S. person may perform any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Kuwait.

Section 570.210 Prohibited transfer of funds to the Government of Kuwait or any person in Kuwait.

Except as otherwise authorized, no U.S. person may commit or transfer, directly or indirectly, funds or other financial or economic resources to the Government of Kuwait or any person in Kuwait.

Section 570.211 Evasions; attempts; conspiracies.

Any transaction for the purpose of, or which has the effect of, evading or avoiding, or which facilitates the evasion or avoidance of, any of the prohibitions set forth in this subpart, is hereby prohibited. Any attempt to violate the prohibitions set forth in this part is hereby prohibited. Any conspiracy formed for the purpose of engaging in a transaction prohibited by this part is hereby prohibited.

Section 570.212 Effective date.

The effective dates of the prohibitions and directives contained in this subpart B are as follows:

(a) With respect to §§ 570.201, 574.202, and 570.211, 5:00 a.m., Eastern Daylight Time ("EDT"), August 2, 1990;

(b) With respect to §§ 570.204, 570.205, 570.206, 570.207, 570.208, 570.209, and 570.210, 8:55 p.m. EDT, August 9, 1990; and

(c) With respect to § 570.203, [date of publication].

Subpart C -- General Definitions

Section 570.301 Blocked account; blocked property.

Section 570.211 Evasions; attempts; conspiracies.

Any transaction for the purpose of, or which has the effect of, evading or avoiding, or which facilitates the evasion or avoidance of, any of the prohibitions set forth in this subpart, is hereby prohibited. Any attempt to violate the prohibitions set forth in this part is hereby prohibited. Any conspiracy formed for the purpose of engaging in a transaction prohibited by this part is hereby prohibited.

Section 570.212 Effective date.

The effective dates of the prohibitions and directives contained in this subpart B are as follows:

(a) With respect to §§ 570.201, 574.202, and 570.211, 5:00 a.m., Eastern Daylight Time ("EDT"), August 2, 1990;

(b) With respect to §§ 570.204, 570.205, 570.206, 570.207, 570.208, 570.209, and 570.210, 8:55 p.m. EDT, August 9, 1990; and

(c) With respect to § 570.203, [date of publication].

Subpart C -- General Definitions

Section 570.301 Blocked account; blocked property.

The terms "blocked account" and "blocked property" shall mean any account or property in which the Government of Kuwait has an interest, with respect to which payments, transfers, exportations, withdrawals, or other dealings may not be made or effected except pursuant to an authorization or license authorizing such action.

Section 570.302 Effective date.

The term "effective date" refers to the effective date of the applicable prohibition, as identified in §570.212.

Section 570.303 Entity.

The term "entity" includes a corporation, partnership, association, or other organization.

Section 570.304 Entity of the Government of Kuwait; Kuwaiti Government entity.

The term "entity of the Government of Kuwait" or "Kuwaiti Government entity" includes:

(a) Any corporation, partnership, association, or other entity in which the Government of Kuwait owns a majority or controlling interest, any entity managed or funded by that government, or any entity which is otherwise controlled by that government;

The terms "blocked account" and "blocked property" shall mean any account or property in which the Government of Kuwait has an interest, with respect to which payments, transfers, exportations, withdrawals, or other dealings may not be made or effected except pursuant to an authorization or license authorizing such action.

Section 570.302 Effective date.

The term "effective date" refers to the effective date of the applicable prohibition, as identified in §570.212.

Section 570.303 Entity.

The term "entity" includes a corporation, partnership, association, or other organization.

Section 570.304 Entity of the Government of Kuwait; Kuwaiti Government entity.

The term "entity of the Government of Kuwait" or "Kuwaiti Government entity" includes:

(a) Any corporation, partnership, association, or other entity in which the Government of Kuwait owns a majority or controlling interest, any entity managed or funded by that government, or any entity which is otherwise controlled by that government;

(b) Any agency or instrumentality of the Government of Kuwait, including the Central Bank of Kuwait.

Section 570.305 General license.

The term "general license" means any license or authorization the terms of which are set forth in this part.

Section 570.306 Government of Iraq.

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 that 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 Director of the Office of Foreign Assets Control to be included within this section.

Section 570.307 Government of Kuwait.

(b) Any agency or instrumentality of the Government of Kuwait, including the Central Bank of Kuwait.

Section 570.305 General license.

The term "general license" means any license or authorization the terms of which are set forth in this part.

Section 570.306 Government of Iraq.

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 that 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 Director of the Office of Foreign Assets Control to be included within this section.

Section 570.307 Government of Kuwait.

The term "Government of Kuwait" includes:

(a) The state and Government of Kuwait and 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 that 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 Director of the Office of Foreign Assets Control to be included within this section.

Section 570.308 Interest.

Except as otherwise provided in this part, the term "interest" when used with respect to property (e.g., "an interest in property") means an interest of any nature whatsoever, direct or indirect.

Section 570.309 Iraq; Iraqi.

The term "Government of Kuwait" includes:

(a) The state and Government of Kuwait and 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 that 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 Director of the Office of Foreign Assets Control to be included within this section.

Section 570.308 Interest.

Except as otherwise provided in this part, the term "interest" when used with respect to property (e.g., "an interest in property") means an interest of any nature whatsoever, direct or indirect.

Section 570.309 Iraq; Iraqi.

The term "Iraq" means the country of Iraq and any territory under the jurisdiction or authority thereof, legal or illegal. The term "Iraqi" means pertaining to Iraq as defined in this section.

Section 570.310 Kuwait; Kuwaiti.

The term "Kuwait" means the country of Kuwait and any territory under the jurisdiction or authority thereof. The term "Kuwaiti" means pertaining to Kuwait as defined in this section.

Section 570.311 Kuwaiti origin.

The term "goods or services of Kuwaiti origin" includes:

- (a) Goods produced, manufactured, grown, or processed within Kuwait;
- (b) Goods which have entered into Kuwaiti commerce;
- (c) Services performed in Kuwait or by a Kuwaiti national who is acting as an agent, employee, or contractor of the Government of Kuwait, or of a business entity located in Kuwait. Services of Kuwaiti origin are not imported into the United States when such services are provided in the United States by a Kuwaiti national employed in the United States.

The term "Iraq" means the country of Iraq and any territory under the jurisdiction or authority thereof, legal or illegal. The term "Iraqi" means pertaining to Iraq as defined in this section.

Section 570.310 Kuwait; Kuwaiti.

The term "Kuwait" means the country of Kuwait and any territory under the jurisdiction or authority thereof. The term "Kuwaiti" means pertaining to Kuwait as defined in this section.

Section 570.311 Kuwaiti origin.

The term "goods or services of Kuwaiti origin" includes:

- (a) Goods produced, manufactured, grown, or processed within Kuwait;
- (b) Goods which have entered into Kuwaiti commerce;
- (c) Services performed in Kuwait or by a Kuwaiti national who is acting as an agent, employee, or contractor of the Government of Kuwait, or of a business entity located in Kuwait. Services of Kuwaiti origin are not imported into the United States when such services are provided in the United States by a Kuwaiti national employed in the United States.

Section 570.312 Kuwaiti person.

The term "Kuwaiti person" means any Kuwaiti citizen, any person organized under the laws of Kuwait, or any person owned or controlled, directly or indirectly, by a Kuwaiti national or the Government of Kuwait.

Section 570.313 License.

Except as otherwise specified, the term "license" means any license or authorization contained in or issued pursuant to this part.

Section 570.314 Person.

The term "person" means an individual, partnership, association, corporation, or other organization.

Section 570.315 Property; property interest.

The terms "property" and "property interest" include, but are not limited to, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness, obligations, notes, debentures, stocks, bonds, coupons, any other financial instruments, banker's acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust

Section 570.312 Kuwaiti person.

The term "Kuwaiti person" means any Kuwaiti citizen, any person organized under the laws of Kuwait, or any person owned or controlled, directly or indirectly, by a Kuwaiti national or the Government of Kuwait.

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receipts, bills of sale, any other evidences of title, ownership or indebtedness, letters of credit and any documents relating to any rights or obligations thereunder, powers of attorney, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendor's sales agreements, land contracts, leaseholds, ground rents, real estate and any other interest therein, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, services of any nature whatsoever, contracts of any nature whatsoever, and any other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

Section 570.316 Specific license.

The term "specific license" means any license or authorization not set forth in this part but issued pursuant to this part in response to an application.

Section 570.317 Transfer.

The term "transfer" means any actual or purported act or transaction, whether or not evidenced by writing, and

receipts, bills of sale, any other evidences of title, ownership or indebtedness, letters of credit and any documents relating to any rights or obligations thereunder, powers of attorney, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendor's sales agreements, land contracts, leaseholds, ground rents, real estate and any other interest therein, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, services of any nature whatsoever, contracts of any nature whatsoever, and any other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

Section 570.316 Specific license.

The term "specific license" means any license or authorization not set forth in this part but issued pursuant to this part in response to an application.

Section 570.317 Transfer.

The term "transfer" means any actual or purported act or transaction, whether or not evidenced by writing, and

whether or not done or performed within the United States, the purpose, intent, or effect of which is to create, surrender, release, convey, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property and, without limitation upon the foregoing, shall include the making, execution, or delivery of any assignment, power, conveyance, check, declaration, deed, deed of trust, power of attorney, power of appointment, bill of sale, mortgage, receipt, agreement, contract, certificate, gift, sale, affidavit, or statement; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgment, decree, attachment, injunction, execution, or other judicial or administrative process or order, or the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree of any foreign country; the fulfillment of any condition; the exercise of any power of appointment, power of attorney, or other power; or the acquisition, disposition, transportation, importation, exportation, or withdrawal of any security.

Section 570.318 UNSC Resolution 661.

The term "UNSC Resolution 661" means United Nations Security Council Resolution No. 661, adopted August 6, 1990,

whether or not done or performed within the United States, the purpose, intent, or effect of which is to create, surrender, release, convey, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property and, without limitation upon the foregoing, shall include the making, execution, or delivery of any assignment, power, conveyance, check, declaration, deed, deed of trust, power of attorney, power of appointment, bill of sale, mortgage, receipt, agreement, contract, certificate, gift, sale, affidavit, or statement; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgment, decree, attachment, injunction, execution, or other judicial or administrative process or order, or the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree of any foreign country; the fulfillment of any condition; the exercise of any power of appointment, power of attorney, or other power; or the acquisition, disposition, transportation, importation, exportation, or withdrawal of any security.

Section 570.318 UNSC Resolution 661.

The term "UNSC Resolution 661" means United Nations Security Council Resolution No. 661, adopted August 6, 1990,

prohibiting certain transactions with respect to Iraq and Kuwait.

Section 570.319 United States.

The term "United States" means the United States, its territories and possessions, and all areas under the jurisdiction or authority thereof.

Section 570.320 U.S. financial institution.

The term "U.S. financial institution" means any U.S. person (including foreign branches) that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent; including, but not limited to, depository institutions, 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. This term includes those branches, offices and agencies of foreign financial institutions which are located in the

prohibiting certain transactions with respect to Iraq and Kuwait.

Section 570.319 United States.

The term "United States" means the United States, its territories and possessions, and all areas under the jurisdiction or authority thereof.

Section 570.320 U.S. financial institution.

The term "U.S. financial institution" means any U.S. person (including foreign branches) that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent; including, but not limited to, depository institutions, 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. This term includes those branches, offices and agencies of foreign financial institutions which are located in the

United States, but not such institutions' foreign branches, offices, or agencies.

Section 570.321 United States person; U.S. person.

The term "United States person" or "U.S. person" means any United States citizen; permanent resident alien; juridical person organized under the laws of the United States or any jurisdiction within the United States, including foreign branches; or any person in the United States.

Subpart D -- Interpretations

Section 570.401 Reference to amended sections.

Except as otherwise specified, reference to any section of this part or to any regulation, ruling, order, instruction, direction, or license issued pursuant to this part shall be deemed to refer to the same as currently amended.

Section 570.402 Effect of amendment.

Any amendment, modification, or revocation of any section of this part or of any order, regulation, ruling,

United States, but not such institutions' foreign branches, offices, or agencies.

Section 570.321 United States person; U.S. person.

The term "United States person" or "U.S. person" means any United States citizen; permanent resident alien; juridical person organized under the laws of the United States or any jurisdiction within the United States, including foreign branches; or any person in the United States.

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Except as otherwise specified, reference to any section of this part or to any regulation, ruling, order, instruction, direction, or license issued pursuant to this part shall be deemed to refer to the same as currently amended.

Section 570.402 Effect of amendment.

Any amendment, modification, or revocation of any section of this part or of any order, regulation, ruling,

instruction, or license issued by or under the direction of the Director of the Office of Foreign Assets Control shall not, unless otherwise specifically provided, be deemed to affect any act done or omitted to be done, or any civil or criminal suit or proceeding commenced or pending prior to such amendment, modification, or revocation. All penalties, forfeitures, and liabilities under any such order, regulation, ruling, instruction, or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

Section 570.403 Termination and acquisition of an interest of the Government of Kuwait.

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) from the Government of Kuwait, such property shall no longer be deemed to be property in which the Government of Kuwait has or has had an interest unless there exists in the property another such interest, the transfer of which has not been effected pursuant to license or other authorization.

(b) Unless otherwise specifically provided in a license or authorization issued pursuant to this part, if property (including any property interest) is transferred or attempted to be transferred to the Government of Kuwait,

instruction, or license issued by or under the direction of the Director of the Office of Foreign Assets Control shall not, unless otherwise specifically provided, be deemed to affect any act done or omitted to be done, or any civil or criminal suit or proceeding commenced or pending prior to such amendment, modification, or revocation. All penalties, forfeitures, and liabilities under any such order, regulation, ruling, instruction, or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

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(b) Unless otherwise specifically provided in a license or authorization issued pursuant to this part, if property (including any property interest) is transferred or attempted to be transferred to the Government of Kuwait,

such property shall be deemed to be property in which there exists an interest of the Government of Kuwait.

Section 570.404 Payments from blocked accounts to U.S. exporters and for other obligations prohibited.

No debits may be made to a blocked account to pay obligations to U.S. persons or other persons, including payment for goods, technology or services exported prior to the effective date, except as authorized pursuant to this part.

Section 570.405 Acquisition of instruments including bankers acceptances.

No U.S. person may acquire or deal in any obligation, including bankers acceptances, where the documents evidencing the obligation indicate, or the U.S. person has actual knowledge, that the underlying transaction is in violation of § 570.201, 570.204, or 570.205. This interpretation does not apply to obligations arising from an underlying transaction licensed or otherwise authorized pursuant to this part.

Section 570.406 Extensions of credits or loans to Kuwait.

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Section 570.406 Extensions of credits or loans to Kuwait.

(a) The prohibition in § 570.210 applies to the unlicensed renewal of credits or loans in existence on the effective date, whether by affirmative action or operation of law.

(b) The prohibition in § 570.210 applies to credits or loans extended in any currency.

Section 570.407 Payments in connection with certain authorized transactions.

Payments are authorized in connection with transactions authorized in or pursuant to Subpart E.

Section 570.408 Offshore transactions.

(a) The prohibitions contained in §§ 570.201 and 570.206 apply to transactions by U.S. persons in locations outside the United States with respect to property which the U.S. person knows, or has reason to know, that the Government of Kuwait has or has had an interest since the effective date.

(b) Prohibited transactions include, but are not limited to, importation into locations outside the United States of, or dealings within such locations in, goods or services of Kuwaiti origin.

(c) Examples: (1) A U.S. person may not, within the United States or abroad, purchase, sell, finance, insure,

(a) The prohibition in § 570.210 applies to the unlicensed renewal of credits or loans in existence on the effective date, whether by affirmative action or operation of law.

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(b) Prohibited transactions include, but are not limited to, importation into locations outside the United States of, or dealings within such locations in, goods or services of Kuwaiti origin.

(c) Examples: (1) A U.S. person may not, within the United States or abroad, purchase, sell, finance, insure,

transport, act as a broker for the sale or transport of, or otherwise deal in, Kuwaiti crude oil or petroleum products refined in Kuwait.

(2) A U.S. person may not, within the United States or abroad, conduct transactions of any nature whatsoever with an entity that he knows or has reason to know is a Kuwaiti Government entity unless the entity is licensed by the Office of Foreign Assets Control to conduct such transactions with U.S. persons.

Section 570.409 Transshipments through the United States prohibited.

(a) The prohibitions in § 570.205 apply to the importation into the United States, for transshipment or transit, of goods which are intended or destined for Kuwait, or an entity operated from Kuwait.

(b) The prohibitions in § 570.204 apply to the importation into the United States, for transshipment or transit, of goods of Kuwaiti origin which are intended or destined for third countries.

(c) Goods in which the Government of Kuwait has an interest which are imported into or transshipped through the United States are blocked pursuant to §570.201.

Section 570.410 Imports of Kuwaiti goods from third countries.

transport, act as a broker for the sale or transport of, or otherwise deal in, Kuwaiti crude oil or petroleum products refined in Kuwait.

(2) A U.S. person may not, within the United States or abroad, conduct transactions of any nature whatsoever with an entity that he knows or has reason to know is a Kuwaiti Government entity unless the entity is licensed by the Office of Foreign Assets Control to conduct such transactions with U.S. persons.

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(b) The prohibitions in § 570.204 apply to the importation into the United States, for transshipment or transit, of goods of Kuwaiti origin which are intended or destined for third countries.

(c) Goods in which the Government of Kuwait has an interest which are imported into or transshipped through the United States are blocked pursuant to §570.201.

Section 570.410 Imports of Kuwaiti goods from third countries.

(a) Importation into the United States from third countries of goods, including refined petroleum products, containing raw materials or components of Kuwaiti origin is prohibited unless those raw materials or components were exported from Iraq or Kuwait prior to the effective date. In light of the universal prohibition in UNSC Resolution 661 on the importation of goods exported from Iraq or Kuwait after August 6, 1990, substantial transformation of Kuwaiti-origin goods in a third country does not exempt the third-country products from the prohibitions contained in this part.

(b) Importation into the United States of goods of Kuwaiti origin which were exported from Kuwait or Iraq on or after the effective date is prohibited pursuant to §570.204.

Section 570.411 Exports to third countries.

(a) Exportation of goods or technology (including technical data and other information) from the United States to third countries is prohibited if the exporter knows, or has reason to know, that the goods or technology are intended for transshipment to Kuwait (including passage through, or storage in, intermediate destinations) without coming to rest in a third country and without being substantially transformed or incorporated into manufactured products in a third country. The exportation of goods and technology intended specifically for incorporation or

(a) Importation into the United States from third countries of goods, including refined petroleum products, containing raw materials or components of Kuwaiti origin is prohibited unless those raw materials or components were exported from Iraq or Kuwait prior to the effective date. In light of the universal prohibition in UNSC Resolution 661 on the importation of goods exported from Iraq or Kuwait after August 6, 1990, substantial transformation of Kuwaiti-origin goods in a third country does not exempt the third-country products from the prohibitions contained in this part.

(b) Importation into the United States of goods of Kuwaiti origin which were exported from Kuwait or Iraq on or after the effective date is prohibited pursuant to §570.204.

Section 570.411 Exports to third countries.

(a) Exportation of goods or technology (including technical data and other information) from the United States to third countries is prohibited if the exporter knows, or has reason to know, that the goods or technology are intended for transshipment to Kuwait (including passage through, or storage in, intermediate destinations) without coming to rest in a third country and without being substantially transformed or incorporated into manufactured products in a third country. The exportation of goods and technology intended specifically for incorporation or

substantial transformation into a third-country product is also prohibited if the particular product is to be used in Kuwait, is being specifically manufactured to fill a Kuwaiti order, or if the manufacturer's sales of the particular product are predominantly to Kuwait.

(b) Exportation of goods or technology from the United States to third countries is not prohibited where the exporter has reasonable cause to believe that:

(1) The goods will come to rest in a third country for purposes other than reexportation to Kuwait; or

(2) The technology will come to rest in a third country for purposes other than reexport to Kuwait.

Section 570.412 Release of Kuwaiti goods from bonded warehouse or foreign trade zone.

Section 570.204 does not prohibit the release from a bonded warehouse or a foreign trade zone of goods of Kuwaiti origin imported into a bonded warehouse or a foreign trade zone either prior to the effective date or in a transaction authorized pursuant to this part after the effective date.

Note: Pursuant to §570.201, property in which the Government of Kuwait has an interest may not be released unless authorized or licensed by the Office of Foreign Assets Control.

Section 570.413 Goods intended for export to Kuwait.

substantial transformation into a third-country product is also prohibited if the particular product is to be used in Kuwait, is being specifically manufactured to fill a Kuwaiti order, or if the manufacturer's sales of the particular product are predominantly to Kuwait.

(b) Exportation of goods or technology from the United States to third countries is not prohibited where the exporter has reasonable cause to believe that:

(1) The goods will come to rest in a third country for purposes other than reexportation to Kuwait; or

(2) The technology will come to rest in a third country for purposes other than reexport to Kuwait.

Section 570.412 Release of Kuwaiti goods from bonded warehouse or foreign trade zone.

Section 570.204 does not prohibit the release from a bonded warehouse or a foreign trade zone of goods of Kuwaiti origin imported into a bonded warehouse or a foreign trade zone either prior to the effective date or in a transaction authorized pursuant to this part after the effective date.

Note: Pursuant to §570.201, property in which the Government of Kuwait has an interest may not be released unless authorized or licensed by the Office of Foreign Assets Control.

Section 570.413 Goods intended for export to Kuwait.

The prohibitions contained in § 570.201 do not apply to goods manufactured, consigned, or destined for export to Kuwait and not subject to §575.518, if the Government of Kuwait has never held or received title to such goods on or after the effective date, and if any payment received from the Government of Kuwait with respect to such goods is placed in a blocked account in a U.S. financial institution pursuant to §575.503.

Section 570.414 Imports of Kuwaiti goods and purchases of goods from Kuwait.

The prohibitions contained in § 570.201 shall not apply to the importation of Kuwaiti-origin goods and services described in § 570.204 if the importation of such goods is permitted by an authorization or license issued pursuant to this part. However, any payments in connection with such importation are subject to the prohibitions contained in §§ 570.201 and 570.210.

Section 570.415 Setoffs prohibited.

A setoff against a blocked account, whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 570.201 if effected after the effective date.

Section 570.416 Travel transactions for journalistic

The prohibitions contained in § 570.201 do not apply to goods manufactured, consigned, or destined for export to Kuwait and not subject to §575.518, if the Government of Kuwait has never held or received title to such goods on or after the effective date, and if any payment received from the Government of Kuwait with respect to such goods is placed in a blocked account in a U.S. financial institution pursuant to §575.503.

Section 570.414 Imports of Kuwaiti goods and purchases of goods from Kuwait.

The prohibitions contained in § 570.201 shall not apply to the importation of Kuwaiti-origin goods and services described in § 570.204 if the importation of such goods is permitted by an authorization or license issued pursuant to this part. However, any payments in connection with such importation are subject to the prohibitions contained in §§ 570.201 and 570.210.

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A setoff against a blocked account, whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 570.201 if effected after the effective date.

Section 570.416 Travel transactions for journalistic

activity in Kuwait.

(a) Section 570.207 does not prohibit travel transactions in Kuwait by persons regularly employed in journalistic activity by recognized newsgathering organizations.

(b) For purposes of this part:

(1) a person is considered regularly employed as a journalist if he or she is employed in a constant or regular manner by a recognized newsgathering organization. Free-lance journalists should have an assignment from a recognized newsgathering organization requiring travel to Kuwait, or be able to demonstrate that publication by a recognized newsgathering organization of a work requiring such travel is likely. The latter may be demonstrated by providing a resume listing previously-published free-lance works or copies of previously-published works.

(2) "Recognized newsgathering organizations" include those entities regularly and principally engaged in collecting news for publication in the public press, transmission by wire services, or broadcast by radio or television.

(c) Authorized travel transactions are limited to those incident to travel for the purpose of collecting and disseminating information for a recognized newsgathering organization, and do not include travel transactions related to any other activity in Kuwait.

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(a) Section 570.207 does not prohibit travel transactions in Kuwait by persons regularly employed in journalistic activity by recognized newsgathering organizations.

(b) For purposes of this part:

(1) a person is considered regularly employed as a journalist if he or she is employed in a constant or regular manner by a recognized newsgathering organization.

Free-lance journalists should have an assignment from a recognized newsgathering organization requiring travel to Kuwait, or be able to demonstrate that publication by a recognized newsgathering organization of a work requiring such travel is likely. The latter may be demonstrated by providing a resume listing previously-published free-lance works or copies of previously-published works.

(2) "Recognized newsgathering organizations" include those entities regularly and principally engaged in collecting news for publication in the public press, transmission by wire services, or broadcast by radio or television.

(c) Authorized travel transactions are limited to those incident to travel for the purpose of collecting and disseminating information for a recognized newsgathering organization, and do not include travel transactions related to any other activity in Kuwait.

Section 570.417 Transactions among licensed entities.

If two U.S. persons controlled by the Government of Kuwait have been granted specific licenses pursuant to this part authorizing them to engage in transactions with U.S. persons, they may also engage in transactions with each other. If an entity owned or controlled by the Government of Kuwait, but which is not a U.S. person, has been granted a specific license authorizing the entity to engage in transactions with a U.S. person, that entity may engage in transactions with a U.S. person controlled by the Government of Kuwait which has been licensed to operate, provided such transactions come within the scope of authorized transactions included in the U.S. person's operating license.

Section 570.418 Transactions incidental to a licensed transaction.

(a) Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except a transaction by an unlicensed, blocked person or involving an unlicensed debit to a blocked account.

(b) Example: A license authorizing the Government of Kuwait to complete a securities sale also authorizes all activities by other parties required to complete the sale,

Section 570.417 Transactions among licensed entities.

If two U.S. persons controlled by the Government of Kuwait have been granted specific licenses pursuant to this part authorizing them to engage in transactions with U.S. persons, they may also engage in transactions with each other. If an entity owned or controlled by the Government of Kuwait, but which is not a U.S. person, has been granted a specific license authorizing the entity to engage in transactions with a U.S. person, that entity may engage in transactions with a U.S. person controlled by the Government of Kuwait which has been licensed to operate, provided such transactions come within the scope of authorized transactions included in the U.S. person's operating license.

Section 570.418 Transactions incidental to a licensed transaction.

(a) Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except a transaction by an unlicensed, blocked person or involving an unlicensed debit to a blocked account.

(b) Example: A license authorizing the Government of Kuwait to complete a securities sale also authorizes all activities by other parties required to complete the sale,

including transactions by the buyer, brokers, transfer agents, banks, etc.

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

Section 570.501 Effect of license or authorization.

(a) No license or other authorization contained in this part, or otherwise issued by or under the direction of the Director of the Office of Foreign Assets Control, shall be deemed to authorize or validate any transaction effected prior to the issuance of the license, unless specifically provided in such license or authorization.

(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Office of Foreign Assets Control and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transaction prohibited by any provision of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

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(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Office of Foreign Assets Control and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transaction prohibited by any provision of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction, or license authorizing any transaction otherwise prohibited under this

part has the effect of removing a prohibition or prohibitions contained in Subpart B from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction, or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

Section 570.502 Exclusion from licenses and authorizations.

The Director of the Office of Foreign Assets Control reserves the right to exclude any person, property, or transaction from the operation of any license, or from the privileges therein conferred, or to restrict the applicability thereof with respect to particular persons, property, transactions, or classes thereof. Such action shall be binding upon all persons receiving actual or constructive notice of such exclusion or restriction.

Section 570.503 Payments and transfers to blocked accounts in U.S. financial institutions.

(a) Any payment of funds or transfer of credit or other assets, including any payment or transfer by any U.S. person outside the United States, to a blocked account in a U.S. financial institution in the name of the Government of

part has the effect of removing a prohibition or prohibitions contained in Subpart B from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction, or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

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(a) Any payment of funds or transfer of credit or other assets, including any payment or transfer by any U.S. person outside the United States, to a blocked account in a U.S. financial institution in the name of the Government of

Kuwait is hereby authorized, including incidental foreign exchange transactions, provided that such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of any interest of the Government of Kuwait to any other country or person.

(b) This section does not authorize any payment or transfer to any blocked account held in a name other than that of the Government of Kuwait where such government is the ultimate beneficiary of such payment or transfer.

(c) This section does not authorize any payment or transfer of credit comprising an integral part of a transaction which cannot be effected without the subsequent issuance of a further license.

(d) This section does not authorize the crediting of the proceeds of the sale of securities or other assets, held in a blocked account or a sub-account thereof, or the income derived from such securities or assets, 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 securities or assets were or are held.

(e) This section does not authorize any payment or transfer from a blocked account in a U.S. financial institution to a blocked account held under any name or designation which differs from the name or designation of

Kuwait is hereby authorized, including incidental foreign exchange transactions, provided that such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of any interest of the Government of Kuwait to any other country or person.

(b) This section does not authorize any payment or transfer to any blocked account held in a name other than that of the Government of Kuwait where such government is the ultimate beneficiary of such payment or transfer.

(c) This section does not authorize any payment or transfer of credit comprising an integral part of a transaction which cannot be effected without the subsequent issuance of a further license.

(d) This section does not authorize the crediting of the proceeds of the sale of securities or other assets, held in a blocked account or a sub-account thereof, or the income derived from such securities or assets, 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 securities or assets were or are held.

(e) This section does not authorize any payment or transfer from a blocked account in a U.S. financial institution to a blocked account held under any name or designation which differs from the name or designation of

the specified blocked account or sub-account from which the payment or transfer is made.

(f) The authorization in paragraph (a) of this section is subject to the condition that written notification from the U.S. financial institution receiving an authorized payment or transfer is furnished to the Office of Foreign Assets Control, Blocked Assets Section, within 10 business days from the date of payment or transfer. This notification shall confirm that the payment or transfer has been deposited in a blocked account under the regulations in this part, and shall provide the account number, the name and address of the Government of Kuwait entity in whose name the account is held, the name and address of the transferee U.S. financial institution, and the amount of the payment or transfer.

(g) This section authorizes transfer of the funds of a blocked demand deposit account to a blocked interest-bearing account under the same name or designation as was the demand deposit account, as required pursuant to § 570.203 or at the instruction of the depositor, at any time. If such transfer is to a blocked account in a different U.S. financial institution, the transferee financial institution must furnish, within 10 business days of the date of transfer, the notification described in paragraph (f) of this section to the Office of Foreign Assets Control, Blocked Assets Section.

the specified blocked account or sub-account from which the payment or transfer is made.

(f) The authorization in paragraph (a) of this section is subject to the condition that written notification from the U.S. financial institution receiving an authorized payment or transfer is furnished to the Office of Foreign Assets Control, Blocked Assets Section, within 10 business days from the date of payment or transfer. This notification shall confirm that the payment or transfer has been deposited in a blocked account under the regulations in this part, and shall provide the account number, the name and address of the Government of Kuwait entity in whose name the account is held, the name and address of the transferee U.S. financial institution, and the amount of the payment or transfer.

(g) This section authorizes transfer of the funds of a blocked demand deposit account to a blocked interest-bearing account under the same name or designation as was the demand deposit account, as required pursuant to § 570.203 or at the instruction of the depositor, at any time. If such transfer is to a blocked account in a different U.S. financial institution, the transferee financial institution must furnish, within 10 business days of the date of transfer, the notification described in paragraph (f) of this section to the Office of Foreign Assets Control, Blocked Assets Section.

(h) This section authorizes the transfer of assets between blocked accounts in U.S. financial institutions at the instruction of the depositor for purposes of investment and reinvestment of assets in which the Government of Kuwait has an interest, as authorized in § 570.512. If such transfer is to a blocked account in a different U.S. financial institution, the transferee financial institution must furnish, within 10 business days of the date of transfer, the notification described in paragraph (f) of this section to the Office of Foreign Assets Control, Blocked Assets Section.

Section 570.504 Completion of certain foreign exchange, securities, and commodities transactions.

(a) U.S. financial institutions are authorized to perform and complete in accordance with its terms or, in agreement with the Government of Kuwait, to close out, offset, or liquidate, individually or on a net basis with subcontracts or other contracts, any contract with or on behalf of the Government of Kuwait, except as otherwise noted in paragraph (d) below, for foreign exchange, securities, currency, and interest rate transactions (including, without limitation, spot, forward, option, swap, and futures transactions), and commodity option, swap, and futures transactions (including the posting or payment of margin or settlement variation with respect to

(h) This section authorizes the transfer of assets between blocked accounts in U.S. financial institutions at the instruction of the depositor for purposes of investment and reinvestment of assets in which the Government of Kuwait has an interest, as authorized in § 570.512. If such transfer is to a blocked account in a different U.S. financial institution, the transferee financial institution must furnish, within 10 business days of the date of transfer, the notification described in paragraph (f) of this section to the Office of Foreign Assets Control, Blocked Assets Section.

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transactions described above, provided the contract was entered into prior to the effective date and any of the following requirements is met:

(1) Any funds, currency, securities, or other assets to be paid or delivered to the Government of Kuwait are credited to a blocked account in the name of the entity of the Government of Kuwait with which, or on whose behalf, the transaction was executed; or

(2) Any funds, currency, securities, or other assets to be paid or delivered to the Government of Kuwait are credited to a blocked account in the name of the entity of the Government of Kuwait and in the financial institution and location designated in the original payment instructions or terms of settlement or delivery for that contract; provided that the country in which payment, settlement, or delivery occurs has in place an arrangement satisfactory to the Office of Foreign Assets Control for ensuring that Government of Kuwait assets in such accounts are blocked or restricted; or

(3) All funds, currency, securities, or other assets due to the Government of Kuwait in connection with such transaction were paid or delivered to the Government of Kuwait prior to the effective date.

(b) All transactions by U.S. persons incidental to the transactions authorized in paragraph (a) are also authorized.

transactions described above, provided the contract was entered into prior to the effective date and any of the following requirements is met:

(1) Any funds, currency, securities, or other assets to be paid or delivered to the Government of Kuwait are credited to a blocked account in the name of the entity of the Government of Kuwait with which, or on whose behalf, the transaction was executed; or

(2) Any funds, currency, securities, or other assets to be paid or delivered to the Government of Kuwait are credited to a blocked account in the name of the entity of the Government of Kuwait and in the financial institution and location designated in the original payment instructions or terms of settlement or delivery for that contract; provided that the country in which payment, settlement, or delivery occurs has in place an arrangement satisfactory to the Office of Foreign Assets Control for ensuring that Government of Kuwait assets in such accounts are blocked or restricted; or

(3) All funds, currency, securities, or other assets due to the Government of Kuwait in connection with such transaction were paid or delivered to the Government of Kuwait prior to the effective date.

(b) All transactions by U.S. persons incidental to the transactions authorized in paragraph (a) are also authorized.

(c) This section does not authorize the crediting of the funds, currency, securities, or other assets received by, or for the benefit of, the Government of Kuwait in a transaction authorized in paragraph (a) to a blocked account or sub-account for the Government of Kuwait under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which the assets utilized by, or on behalf of, the Government of Kuwait in such transaction, were originally held.

Section 570.505 Completion of certain transactions related to bankers acceptances authorized.

(a) Persons other than the Government of Kuwait are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, involving an interest of the Government of Kuwait as long as the bankers acceptances were created or the deferred payment undertakings were incurred prior to the effective date.

(b) Persons other than the Government of Kuwait are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, involving the importation or exportation of goods to or from Kuwait that do not involve an interest of the Government of Kuwait as long as the

(c) This section does not authorize the crediting of the funds, currency, securities, or other assets received by, or for the benefit of, the Government of Kuwait in a transaction authorized in paragraph (a) to a blocked account or sub-account for the Government of Kuwait under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which the assets utilized by, or on behalf of, the Government of Kuwait in such transaction, were originally held.

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(a) Persons other than the Government of Kuwait are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, involving an interest of the Government of Kuwait as long as the bankers acceptances were created or the deferred payment undertakings were incurred prior to the effective date.

(b) Persons other than the Government of Kuwait are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, involving the importation or exportation of goods to or from Kuwait that do not involve an interest of the Government of Kuwait as long as the

bankers acceptances or the deferred payment undertakings were accepted prior to the effective date.

(c) Nothing in this section shall authorize or permit a debit to a blocked account. Specific licenses for the debiting of a blocked account may be issued on a case-by-case basis.

Section 570.506 Payment by the Government of Kuwait of obligations to persons within the United States authorized.

(a) The transfer of funds after the effective date by, through, or to any U.S. financial institution or other U.S. person solely for the purpose of payment of obligations of the Government of Kuwait to persons or accounts within the United States is authorized, provided that the obligation arose prior to the effective date, and the payment requires no debit to a blocked account. Property is not blocked by virtue of being transferred or received pursuant to this section.

(b) A person receiving payment under this section may distribute all or part of that payment to any person, provided that any such payment to the Government of Kuwait must be to a blocked account in a U.S. financial institution.

Section 570.507 Certain exports to Kuwait authorized.

bankers acceptances or the deferred payment undertakings were accepted prior to the effective date.

(c) Nothing in this section shall authorize or permit a debit to a blocked account. Specific licenses for the debiting of a blocked account may be issued on a case-by-case basis.

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(b) A person receiving payment under this section may distribute all or part of that payment to any person, provided that any such payment to the Government of Kuwait must be to a blocked account in a U.S. financial institution.

Section 570.507 Certain exports to Kuwait authorized.

(a) All transactions ordinarily incident to the exportation of any item, commodity, or product from the United States to or destined for Kuwait are authorized if:

(1) such exports would ordinarily be authorized under one of the following regulations administered by the Department of Commerce: 15 CFR 371.6 - General license BAGGAGE (accompanied and unaccompanied baggage); 15 CFR 371.13 - General license GUS (shipments to personnel and agencies of the U.S. Government); or,

(2) such exports are for the official use of the United Nations, its personnel and agencies (excluding its relief or developmental agencies).

(b) All transactions related to exportation or reexportation not otherwise authorized in this part are prohibited unless licensed pursuant to the procedures described in Section 570.801 by the Office of Foreign Assets Control.

Section 570.508 Import of household and personal effects from Kuwait authorized.

The importation of household and personal effects of Kuwaiti origin, including baggage and articles for family use, of persons arriving in the United States directly or indirectly from Kuwait is authorized. Articles included in such effects may be imported without limitation provided they were actually used by such persons or their family

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(2) such exports are for the official use of the United Nations, its personnel and agencies (excluding its relief or developmental agencies).

(b) All transactions related to exportation or reexportation not otherwise authorized in this part are prohibited unless licensed pursuant to the procedures described in Section 570.801 by the Office of Foreign Assets Control.

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The importation of household and personal effects of Kuwaiti origin, including baggage and articles for family use, of persons arriving in the United States directly or indirectly from Kuwait is authorized. Articles included in such effects may be imported without limitation provided they were actually used by such persons or their family

members abroad, are not intended for any other person or for sale, and are not otherwise prohibited from importation.

Section 570.509 Payments and transfers authorized for shipments of oil under contract and en route to the United States prior to the effective date.

(a) Oil of Kuwaiti origin or oil in which the Government of Kuwait has an interest may be imported into the United States only if:

(1) prior to the effective date, the oil was loaded for ultimate delivery to the United States on board a vessel in Iraq, Kuwait, or a third country;

(2) the oil was imported into the United States before 11:59 p.m. Eastern Daylight Time, October 1, 1990; and

(3) the bill of lading accompanying the oil was issued prior to the effective date.

(b) Any payment owed or balance not paid to or for the benefit of the Government of Kuwait prior to the effective date for oil imported pursuant to paragraph (a) must be paid into a blocked account in a U.S. financial institution.

(c) Transactions conducted pursuant to this section must be reported in writing to the Office of Foreign Assets Control, Blocked Assets Section, no later than 10 days after the date of importation.

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(2) the oil was imported into the United States before 11:59 p.m. Eastern Daylight Time, October 1, 1990; and

(3) the bill of lading accompanying the oil was issued prior to the effective date.

(b) Any payment owed or balance not paid to or for the benefit of the Government of Kuwait prior to the effective date for oil imported pursuant to paragraph (a) must be paid into a blocked account in a U.S. financial institution.

(c) Transactions conducted pursuant to this section must be reported in writing to the Office of Foreign Assets Control, Blocked Assets Section, no later than 10 days after the date of importation.

Note: Transactions authorized by this provision have been completed prior to [publication date]. The text of this section is included for the convenience of the user.

Section 570.510 Payments and transfers authorized for goods and services exported to Kuwait prior to the effective date.

(a) Specific licenses may be issued on a case-by-case basis to permit payment under a financing arrangement requiring payment by a U.S. financial institution, from a blocked account or otherwise, of amounts owed to or for the benefit of a person with respect to goods or services exported prior to the effective date directly or indirectly to Kuwait, or to third countries for an entity operated from Kuwait, or for the benefit of the Government of Kuwait, where the license application presents evidence satisfactory to the Office of Foreign Assets Control that:

(1) the exportation occurred prior to the effective date (such evidence may include, e.g., the bill of lading, the air waybill, the purchaser's written confirmation of completed services, customs documents, and insurance documents); and

(2) if delivery or performance occurred after the effective date, due diligence was exercised to divert delivery of the goods from Kuwait and to effect final

Note: Transactions authorized by this provision have been completed prior to [publication date]. The text of this section is included for the convenience of the user.

Section 570.510 Payments and transfers authorized for goods and services exported to Kuwait prior to the effective date.

(a) Specific licenses may be issued on a case-by-case basis to permit payment under a financing arrangement requiring payment by a U.S. financial institution, from a blocked account or otherwise, of amounts owed to or for the benefit of a person with respect to goods or services exported prior to the effective date directly or indirectly to Kuwait, or to third countries for an entity operated from Kuwait, or for the benefit of the Government of Kuwait, where the license application presents evidence satisfactory to the Office of Foreign Assets Control that:

(1) the exportation occurred prior to the effective date (such evidence may include, e.g., the bill of lading, the air waybill, the purchaser's written confirmation of completed services, customs documents, and insurance documents); and

(2) if delivery or performance occurred after the effective date, due diligence was exercised to divert delivery of the goods from Kuwait and to effect final

delivery of the goods to a non-prohibited destination, or to prevent performance of the services.

(b) This section does not authorize exportation or the performance of services after the effective date pursuant to a contract entered into or partially performed prior to the effective date.

(c) Transactions conducted under specific licenses granted pursuant to this section must be reported in writing to the Office of Foreign Assets Control, Blocked Assets Section, no later than 10 days after the date of payment.

(d) Separate criteria may be applied to the issuance of licenses authorizing payment from an account of or held by a blocked U.S. bank owned or controlled by the Government of Kuwait.

Section 570.511 Extensions and renewals authorized.

(a) The extension or renewal, at the request of the account party, of a letter of credit or a standby letter of credit issued or confirmed by a U.S. financial institution is authorized.

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

Section 570.512 Investment and reinvestment of Government

delivery of the goods to a non-prohibited destination, or to prevent performance of the services.

(b) This section does not authorize exportation or the performance of services after the effective date pursuant to a contract entered into or partially performed prior to the effective date.

(c) Transactions conducted under specific licenses granted pursuant to this section must be reported in writing to the Office of Foreign Assets Control, Blocked Assets Section, no later than 10 days after the date of payment.

(d) Separate criteria may be applied to the issuance of licenses authorizing payment from an account of or held by a blocked U.S. bank owned or controlled by the Government of Kuwait.

Section 570.511 Extensions and renewals authorized.

(a) The extension or renewal, at the request of the account party, of a letter of credit or a standby letter of credit issued or confirmed by a U.S. financial institution is authorized.

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

Section 570.512 Investment and reinvestment of Government

of Kuwait funds held in blocked accounts.

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

(1) The assets representing 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 located in the United States or within the possession or control of a U.S. person;

(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 immediate financial or economic benefit accrues to the Government of Iraq, a person in Iraq, or a person in Kuwait.

(b)(1) U.S. persons seeking to avail themselves of this authorization must register with the Office of Foreign Assets Control, Blocked Assets Section, before undertaking transactions authorized under this section.

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

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(1) The assets representing 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 located in the United States or within the possession or control of a U.S. person;

(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 immediate financial or economic benefit accrues to the Government of Iraq, a person in Iraq, or a person in Kuwait.

(b) (1) U.S. persons seeking to avail themselves of this authorization must register with the Office of Foreign Assets Control, Blocked Assets Section, before undertaking transactions authorized under this section.

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

Section 570.513 Transactions related to telecommunications
authorized.

All transactions of U.S. common carriers with respect to the receipt and transmission of telecommunications involving Kuwait are authorized, provided that any payment owed to the Government of Kuwait or persons in Kuwait is paid into a blocked account in a U.S. financial institution.

Section 570.514 Transactions related to mail authorized.

All transactions by U.S. persons, including payment and transfers to common carriers, incident to the receipt or transmission of mail between the United States and Kuwait are authorized, provided that mail is limited to items not exceeding 12 ounces.

Section 570.515 Fees for professional services
authorized.

Specific licenses may be issued on a case-by-case basis to permit payment to U.S. persons providing professional services to the Government of Kuwait including, but not limited to, legal, accounting, and investment advisory services.

Section 570.516 Certain transactions with respect to

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Specific licenses may be issued on a case-by-case basis to permit payment to U.S. persons providing professional services to the Government of Kuwait including, but not limited to, legal, accounting, and investment advisory services.

Section 570.516 Certain transactions with respect to

patents, trademarks, and copyrights authorized.

Transactions related to the registration and renewal in the United States Patent and Trademark Office or the United States Copyright Office of patents, trademarks, and copyrights in which the Government of Kuwait or a person in Kuwait has an interest are authorized.

Section 570.517 Procedures established for export transactions initiated prior to effective date.

(a) Goods awaiting exportation to Kuwait on the effective date and seized or detained by the U.S. Customs Service on the effective date or thereafter may be released to the exporter, provided the following documents are filed with Customs officials at the port where such goods are located:

(1) A copy of the contract governing the exportation (sale or other transfer) of the goods to Kuwait or, if no contract exists, a written explanation of the circumstances of exportation, including in either case a description of the manner and terms of payment received or to be received by the exporter (or other person) for, or by reason of, the exportation of the goods;

(2) An invoice, bill of lading, or other documentation fully describing the goods; and

patents, trademarks, and copyrights authorized.

Transactions related to the registration and renewal in the United States Patent and Trademark Office or the United States Copyright Office of patents, trademarks, and copyrights in which the Government of Kuwait or a person in Kuwait has an interest are authorized.

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(1) A copy of the contract governing the exportation (sale or other transfer) of the goods to Kuwait or, if no contract exists, a written explanation of the circumstances of exportation, including in either case a description of the manner and terms of payment received or to be received by the exporter (or other person) for, or by reason of, the exportation of the goods;

(2) An invoice, bill of lading, or other documentation fully describing the goods; and

(3) A statement by the exporter substantially in the following form:

Any amount received from or on behalf of the Government of Kuwait by reason of the attempted exportation of the goods released to [name of exporter] by the U.S. Customs Service on [date], and fully described in the attached documents, has been or will be placed into a blocked account in a U.S. bank and the Office of Foreign Assets Control, Blocked Assets Section, will be immediately notified. [Name of exporter] agrees to fully indemnify the U.S. Government for any amount ultimately determined by a court of competent jurisdiction to be due or payable to or for the benefit of any person by reason of the failure of [name of exporter] to properly pay into a blocked account any amount received for the goods from or on behalf of the Government of Kuwait. [Name of exporter] also agrees to waive all claims (1) against any payments received and placed into a blocked account, except as may be later authorized by law, regulations, or license, and (2) against the U.S. Government with regard to the disposition of the amounts placed into a blocked account.

The statement should be dated and signed by the exporter or by a person authorized to sign on the exporter's behalf. The Customs Service may release the goods to the exporter upon receipt of the documentation and statement described

(3) A statement by the exporter substantially in the following form:

Any amount received from or on behalf of the Government of Kuwait by reason of the attempted exportation of the goods released to [name of exporter] by the U.S. Customs Service on [date], and fully described in the attached documents, has been or will be placed into a blocked account in a U.S. bank and the Office of Foreign Assets Control, Blocked Assets Section, will be immediately notified. [Name of exporter] agrees to fully indemnify the U.S. Government for any amount ultimately determined by a court of competent jurisdiction to be due or payable to or for the benefit of any person by reason of the failure of [name of exporter] to properly pay into a blocked account any amount received for the goods from or on behalf of the Government of Kuwait. [Name of exporter] also agrees to waive all claims (1) against any payments received and placed into a blocked account, except as may be later authorized by law, regulations, or license, and (2) against the U.S. Government with regard to the disposition of the amounts placed into a blocked account.

The statement should be dated and signed by the exporter or by a person authorized to sign on the exporter's behalf. The Customs Service may release the goods to the exporter upon receipt of the documentation and statement described

above, provided it is satisfied that all customs laws and regulations have been complied with, including the execution of such hold harmless assurances as it shall determine to be appropriate. The documentation and statement received by Customs will be forwarded to the Office of Foreign Assets Control for review and appropriate action.

Section 570.518 Certain standby letters of credit and performance bonds.

(a) (1) Notwithstanding any other provision of law, payment into a blocked account in a U.S. financial institution by an issuing or confirming bank under a standby letter of credit in favor of a Kuwaiti beneficiary is prohibited by § 570.201 and not authorized, notwithstanding the provisions of § 570.503, if (i) a specific license has been issued pursuant to the provisions of paragraph (b) of this section, or (ii) 10 business days have not expired after notice to the account party pursuant to paragraph (b) of this section.

(2) Nothing in this section shall affect the obligation of an issuing or confirming bank to make payment into a blocked account on behalf of an entity owned or controlled by the Government of Kuwait pursuant to a standby letter of credit if such entity is (i) licensed by the Office of Foreign Assets Control to transact business with U.S. persons, or (ii) listed in Appendix A to this part as "Not Controlled/Not Restricted" or "Controlled/Licensed to Operate."

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Section 570.518 Certain standby letters of credit and performance bonds.

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(2) Nothing in this section shall affect the obligation of an issuing or confirming bank to make payment into a blocked account on behalf of an entity owned or controlled by the Government of Kuwait pursuant to a standby letter of credit if such entity is (i) licensed by the Office of Foreign Assets Control to transact business with U.S. persons, or (ii) listed in Appendix A to this part as "Not Controlled/Not Restricted" or "Controlled/Licensed to Operate."

(b) Whenever an issuing or confirming bank shall receive such demand for payment under such a standby letter of credit, it shall promptly notify the account party. The account party may then apply within five business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the Kuwaiti beneficiary in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party. Nothing in this section relieves any such bank or such account party from giving any notice of defense against payment or reimbursement that is required by applicable law.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or confirming bank has been enjoined from making payment, upon removal of the injunction, the account party may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this section. The issuing or confirming bank shall not make payment under the standby letter of credit unless (1) 10 business days have expired since the bank has received notice of the removal of the injunction and (2) a specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

(d) If necessary to assure the availability of the funds blocked, the Director of the Office of Foreign Assets Control may at any time require the payment of the amounts

(b) Whenever an issuing or confirming bank shall receive such demand for payment under such a standby letter of credit, it shall promptly notify the account party. The account party may then apply within five business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the Kuwaiti beneficiary in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party. Nothing in this section relieves any such bank or such account party from giving any notice of defense against payment or reimbursement that is required by applicable law.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or confirming bank has been enjoined from making payment, upon removal of the injunction, the account party may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this section. The issuing or confirming bank shall not make payment under the standby letter of credit unless (1) 10 business days have expired since the bank has received notice of the removal of the injunction and (2) a specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

(d) If necessary to assure the availability of the funds blocked, the Director of the Office of Foreign Assets Control may at any time require the payment of the amounts

due under any letter of credit described in paragraph (a) of this section into a blocked account in a U.S. financial institution or the supplying of any form of security deemed necessary.

(e) Nothing in this section precludes the account party on any standby letter of credit or any other person from at any time contesting the legality of the demand from a Kuwaiti beneficiary or from raising any other legal defense to payment under the standby letter of credit.

(f) This section does not affect the obligation of the various parties to the instruments covered by this section if the instruments and payments thereunder are subsequently unblocked.

(g) The section does not authorize any U.S. person to reimburse a non-U.S. bank for payment to a Kuwaiti beneficiary under a standby letter of credit, except by payments into a blocked account in accordance with § 570.503 or paragraph (b) or (c) of this section.

(h) A person receiving a specific license under paragraph (b) or (c) of this section shall certify to the Office of Foreign Assets Control within 5 business days after receipt of that license that it has established the blocked account on its books as provided in those paragraphs. However, in appropriate cases, this time period may be extended upon application to the Office of Foreign Assets Control when the account party has filed a petition

due under any letter of credit described in paragraph (a) of this section into a blocked account in a U.S. financial institution or the supplying of any form of security deemed necessary.

(e) Nothing in this section precludes the account party on any standby letter of credit or any other person from at any time contesting the legality of the demand from a Kuwaiti beneficiary or from raising any other legal defense to payment under the standby letter of credit.

(f) This section does not affect the obligation of the various parties to the instruments covered by this section if the instruments and payments thereunder are subsequently unblocked.

(g) The section does not authorize any U.S. person to reimburse a non-U.S. bank for payment to a Kuwaiti beneficiary under a standby letter of credit, except by payments into a blocked account in accordance with § 570.503 or paragraph (b) or (c) of this section.

(h) A person receiving a specific license under paragraph (b) or (c) of this section shall certify to the Office of Foreign Assets Control within 5 business days after receipt of that license that it has established the blocked account on its books as provided in those paragraphs. However, in appropriate cases, this time period may be extended upon application to the Office of Foreign Assets Control when the account party has filed a petition

with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

(i) For the purposes of this section, (1) the term "standby letter of credit" shall mean a letter of credit securing performance of, or repayment of any advance payments or deposits under, a contract, or any similar obligation in the nature of a performance bond; (2) the term "account party" shall mean the person for whose account the standby letter of credit is opened; and (3) the term "Kuwaiti beneficiary" shall mean a beneficiary that is (i) a person in Kuwait, (ii) an entity operated from Kuwait, or (iii) the Government of Kuwait.

Section 570.519 Certain imports for diplomatic or official personnel authorized.

All transactions ordinarily incident to the importation of any goods or services into the United States destined for official or personal use by diplomatic and support personnel employed by the recognized Government of Kuwait are authorized, unless the importation is otherwise prohibited by law.

Section 570.520 Donations of food to relieve human suffering authorized.

with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

(i) For the purposes of this section, (1) the term "standby letter of credit" shall mean a letter of credit securing performance of, or repayment of any advance payments or deposits under, a contract, or any similar obligation in the nature of a performance bond; (2) the term "account party" shall mean the person for whose account the standby letter of credit is opened; and (3) the term "Kuwaiti beneficiary" shall mean a beneficiary that is (i) a person in Kuwait, (ii) an entity operated from Kuwait, or (iii) the Government of Kuwait.

Section 570.519 Certain imports for diplomatic or official personnel authorized.

All transactions ordinarily incident to the importation of any goods or services into the United States destined for official or personal use by diplomatic and support personnel employed by the recognized Government of Kuwait are authorized, unless the importation is otherwise prohibited by law.

Section 570.520 Donations of food to relieve human suffering authorized.

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to Kuwait of donated food intended to relieve human suffering.

(b) In general, specific licenses will only be granted for donations of food to be provided through the United Nations in accordance with United Nations Security Council Resolutions 661 and 666 and in cooperation with the International Committee of the Red Cross or other appropriate humanitarian agencies for distribution by them or under their supervision, or in such other manner as may be approved under United Nations Security Council Resolution 666 and any other applicable Security Council resolutions, in order to ensure that such donations reach the intended beneficiaries.

(c) Applications for specific licenses pursuant to paragraph (a) shall be made in advance of the proposed exportation, and provide the following information:

(1) the nature, quantity, value, and intended use of the donated food; and

(2) the terms and conditions of distribution, including the intended method of compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or a duly authorized body subordinate thereto to govern the shipment of foodstuffs under applicable United Nations Security Council resolutions, including Resolutions 661 and 666.

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to Kuwait of donated food intended to relieve human suffering.

(b) In general, specific licenses will only be granted for donations of food to be provided through the United Nations in accordance with United Nations Security Council Resolutions 661 and 666 and in cooperation with the International Committee of the Red Cross or other appropriate humanitarian agencies for distribution by them or under their supervision, or in such other manner as may be approved under United Nations Security Council Resolution 666 and any other applicable Security Council resolutions, in order to ensure that such donations reach the intended beneficiaries.

(c) Applications for specific licenses pursuant to paragraph (a) shall be made in advance of the proposed exportation, and provide the following information:

(1) the nature, quantity, value, and intended use of the donated food; and

(2) the terms and conditions of distribution, including the intended method of compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or a duly authorized body subordinate thereto to govern the shipment of foodstuffs under applicable United Nations Security Council resolutions, including Resolutions 661 and 666.

Section 570.521 Certain exportations of medical supplies
authorized.

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to Kuwait of supplies intended strictly for medical purposes, in accordance with the provisions of United Nations Security Council Resolutions 661 and 666, and other applicable Security Council resolutions.

(b) In general, specific licenses will only be granted for the exportation of medical supplies through the International Committee of the Red Cross or other appropriate humanitarian agencies for distribution by them or under their supervision, or in such other manner as may be approved under applicable Security Council resolutions, in order to ensure that such supplies reach the intended recipient.

(c) Applications for specific licenses pursuant to paragraph (a) shall be made in advance of the proposed exportation, and provide the following information:

(1) the nature, quantity, value, and intended use of the medical supplies;

(2) the terms and conditions of distribution, including the intended method of compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or a duly authorized

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authorized.

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(b) In general, specific licenses will only be granted for the exportation of medical supplies through the International Committee of the Red Cross or other appropriate humanitarian agencies for distribution by them or under their supervision, or in such other manner as may be approved under applicable Security Council resolutions, in order to ensure that such supplies reach the intended recipient.

(c) Applications for specific licenses pursuant to paragraph (a) shall be made in advance of the proposed exportation, and provide the following information:

(1) the nature, quantity, value, and intended use of the medical supplies;

(2) the terms and conditions of distribution, including the intended method of compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or a duly authorized

body subordinate thereto to govern the shipment of medical supplies under applicable Security Council resolutions.

Subpart F -- Reports

Section 570.601 Required records.

Every person engaging in any transaction subject to the provisions of this part shall keep a full and accurate record of each such transaction in which that person engages, regardless of whether such transaction is effected pursuant to license or otherwise, and such record shall be available for examination for at least 2 years after the date of such transaction.

Section 570.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, from time to time and at any time as may be required, complete information relative to any transaction, regardless of whether such transaction is effected pursuant to license or otherwise, subject to the provisions of this part. Such reports may be required to include the production of any books of account, contracts, letters or other papers, connected with any such transaction

body subordinate thereto to govern the shipment of medical supplies under applicable Security Council resolutions.

Subpart F -- Reports

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Every person engaging in any transaction subject to the provisions of this part shall keep a full and accurate record of each such transaction in which that person engages, regardless of whether such transaction is effected pursuant to license or otherwise, and such record shall be available for examination for at least 2 years after the date of such transaction.

Section 570.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, from time to time and at any time as may be required, complete information relative to any transaction, regardless of whether such transaction is effected pursuant to license or otherwise, subject to the provisions of this part. Such reports may be required to include the production of any books of account, contracts, letters or other papers, connected with any such transaction

or property, in the custody or control of the person required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. The Director of Foreign Assets Control may, through any person or agency, conduct investigations, hold hearings, administer oaths, examine witnesses, receive evidence, take depositions, and require by subpoena the attendance and testimony of witnesses and the production of all books, papers, and documents relating to any matter under investigation, regardless of whether any report has been required or filed in connection therewith.

Section 570.603 Report on certain correspondent bank accounts.

(a) U.S. financial institutions are required to file a monthly report concerning any bank account held by them in the name of a bank in which the Government of Kuwait holds an equity interest of 10% or more (i.e., a correspondent bank account).

(b) The report, consisting of a copy of a monthly bank statement for the account, must (1) include a summary of the average balance in the account for the period covered by the report, (2) list the actual date on which account statements are made available to account holders, and (3) state the exact location at which documents showing debits from and credits to the account may be reviewed and the name and

or property, in the custody or control of the person required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. The Director of Foreign Assets Control may, through any person or agency, conduct investigations, hold hearings, administer oaths, examine witnesses, receive evidence, take depositions, and require by subpoena the attendance and testimony of witnesses and the production of all books, papers, and documents relating to any matter under investigation, regardless of whether any report has been required or filed in connection therewith.

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(b) The report, consisting of a copy of a monthly bank statement for the account, must (1) include a summary of the average balance in the account for the period covered by the report, (2) list the actual date on which account statements are made available to account holders, and (3) state the exact location at which documents showing debits from and credits to the account may be reviewed and the name and

telephone number of a person responsible for the content of the report. (The report should not include copies of documents showing debits and credits.)

(c) A report filed pursuant to this section must arrive at the Office of Foreign Assets Control, Compliance Section, no later than the last business day of the month following the activity summarized in the report. The report may be sent by facsimile to (202) 377-7222 or mailed to the following address:

Compliance Unit - 603
Office of Foreign Assets Control
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W. -- 2131 Annex
Washington, D.C. 20220.

Subpart G -- Penalties

Section 570.701 Penalties.

(a) Section 586E of the Iraq Sanctions Act of 1990, contained in the Foreign Operations Authorization and Appropriation Act of 1990, dated November 5, 1990, 104 Stat. 1979, provides that:

Notwithstanding section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) and

telephone number of a person responsible for the content of the report. (The report should not include copies of documents showing debits and credits.)

(c) A report filed pursuant to this section must arrive at the Office of Foreign Assets Control, Compliance Section, no later than the last business day of the month following the activity summarized in the report. The report may be sent by facsimile to (202) 377-7222 or mailed to the following address:

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Subpart G -- Penalties

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(a) Section 586E of the Iraq Sanctions Act of 1990, contained in the Foreign Operations Authorization and Appropriation Act of 1990, dated November 5, 1990, 104 Stat. 1979, provides that:

Notwithstanding section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) and

section 5(b) of the United Nations Participation Act of 1945 (22 U.S.C. 287c(b))--

(1) A civil penalty of not to exceed \$250,000 may be imposed on any person who, after the enactment of this Act, violates or evades or attempts to violate or evade Executive Order Number 12722, 12723, 12724, 12725, or any license, order, or regulation issued under such Executive Order;

(2) Whoever after the date of enactment of the Iraq Sanctions Act of 1990 willfully violates or evades or attempts to violate or evade Executive Order Number 12722, 12723, 12724, or 12725 or any license, order, or regulation issued under any such Executive Order--

(i) shall, upon conviction, be fined not more than \$1,000,000 if a person other than a natural person; or

(ii) if a natural person, shall upon conviction, be fined not more than \$1,000,000 be imprisoned for not more than 12 years, or both.

Any officer, director, or agent of any corporation who knowingly participates in a violation, evasion, or attempt described in paragraph (a) may be punished by imposition of the fine, imprisonment (or both) specified in subparagraph (a)(2)(ii) of that paragraph.

(b) Attention is directed to 18 U.S.C. 1001, which provides:

section 5(b) of the United Nations Participation Act of 1945 (22 U.S.C. 287c(b))--

(1) A civil penalty of not to exceed \$250,000 may be imposed on any person who, after the enactment of this Act, violates or evades or attempts to violate or evade Executive Order Number 12722, 12723, 12724, 12725, or any license, order, or regulation issued under such Executive Order;

(2) Whoever after the date of enactment of the Iraq Sanctions Act of 1990 willfully violates or evades or attempts to violate or evade Executive Order Number 12722, 12723, 12724, or 12725 or any license, order, or regulation issued under any such Executive Order--

(i) shall, upon conviction, be fined not more than \$1,000,000 if a person other than a natural person; or

(ii) if a natural person, shall upon conviction, be fined not more than \$1,000,000 be imprisoned for not more than 12 years, or both.

Any officer, director, or agent of any corporation who knowingly participates in a violation, evasion, or attempt described in paragraph (a) may be punished by imposition of the fine, imprisonment (or both) specified in subparagraph (a)(2)(ii) of that paragraph.

(b) Attention is directed to 18 U.S.C. 1001, which provides:

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representation or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

(c) Violations of this part may also be subject to relevant provisions of the Customs laws and other applicable laws.

Section 570.702 Prepenalty notice.

(a) When required: If the Director of the Office of Foreign Assets Control has reasonable cause to believe that there has occurred a violation of any provision of this part or a violation of the provisions of any license, ruling, regulation, order, direction or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under the International Emergency Economic Powers Act, and the Director determines that further proceedings are warranted, he shall issue to the person concerned a notice of his

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representation or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

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intent to impose a monetary penalty. The prepenalty notice shall be issued whether or not another agency has taken any action with respect to this matter.

(b) Contents.

(1) Facts of violation. The prepenalty notice shall describe the violation, specify the laws and regulations allegedly violated, and state the amount of the proposed monetary penalty.

(2) Right to make presentations. The prepenalty notice also shall inform the person of his right to make a written presentation within 30 days of mailing of the notice as to why a monetary penalty should not be imposed, or, if imposed, why it should be in a lesser amount than proposed.

Section 570.703 Presentation responding to prepenalty notice.

(a) Time within which to respond. The named person shall have 30 days from the date of mailing of the prepenalty notice to make a written presentation to the Director.

(b) Form and contents of written presentation. The written presentation need not be in any particular form, but shall contain information sufficient to indicate that it is in response to the prepenalty notice. It should contain responses to the allegations in the prepenalty notice and set forth the reasons why the person believes the penalty

intent to impose a monetary penalty. The prepenalty notice shall be issued whether or not another agency has taken any action with respect to this matter.

(b) Contents.

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(b) Form and contents of written presentation. The written presentation need not be in any particular form, but shall contain information sufficient to indicate that it is in response to the prepenalty notice. It should contain responses to the allegations in the prepenalty notice and set forth the reasons why the person believes the penalty

should not be imposed or, if imposed, why it should be in a lesser amount than proposed.

Section 570.704 Penalty notice.

(a) No violation. If, after considering any presentations made in response to the prepenalty notice and any relevant facts, the Director determines that there was no violation by the person named in the prepenalty notice, he promptly shall notify the person in writing of that determination and that no monetary penalty will be imposed.

(b) Violation. If, after considering any presentations made in response to the prepenalty notice, the Director determines that there was a violation by the person named in the prepenalty notice, he promptly shall issue a written notice of the imposition of the monetary penalty to that person.

Section 570.705 Referral to United States Department of Justice.

In the event that the person named does not pay the penalty imposed pursuant to this subpart or make payment arrangements acceptable to the Director within 30 days of the mailing of the written notice of the imposition of the penalty, the matter shall be referred to the United States

should not be imposed or, if imposed, why it should be in a lesser amount than proposed.

Section 570.704 Penalty notice.

(a) No violation. If, after considering any presentations made in response to the prepenalty notice and any relevant facts, the Director determines that there was no violation by the person named in the prepenalty notice, he promptly shall notify the person in writing of that determination and that no monetary penalty will be imposed.

(b) Violation. If, after considering any presentations made in response to the prepenalty notice, the Director determines that there was a violation by the person named in the prepenalty notice, he promptly shall issue a written notice of the imposition of the monetary penalty to that person.

Section 570.705 Referral to United States Department of Justice.

In the event that the person named does not pay the penalty imposed pursuant to this subpart or make payment arrangements acceptable to the Director within 30 days of the mailing of the written notice of the imposition of the penalty, the matter shall be referred to the United States

Department of Justice for appropriate action to recover the penalty in a civil suit in a Federal district court.

Subpart H -- Procedures

Section 570.801 Licensing.

(a) General licenses. General licenses have been issued authorizing under appropriate terms and conditions certain types of transactions which are subject to the prohibitions contained in Subpart B of this part. All such licenses in effect on the date of publication are set forth in Subpart E of this part. It is the policy of the Office of Foreign Assets Control not to grant applications for specific licenses authorizing transactions to which the provisions of an outstanding general license are applicable. Persons availing themselves of certain general licenses may be required to file reports and statements in accordance with the instructions specified in those licenses. Failure to file such reports or statements will nullify the authority of the general license.

(b) Specific licenses.

(1) General course of procedure. Transactions subject to the prohibitions contained in Subpart B of this part which are not authorized by general license may be effected only under specific licenses.

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(b) Specific licenses.

(1) General course of procedure. Transactions subject to the prohibitions contained in Subpart B of this part which are not authorized by general license may be effected only under specific licenses.

(2) Applications for specific licenses.

Applications for specific licenses to engage in any transactions prohibited by or pursuant to this part may be filed by letter or on an application form with the Office of Foreign Assets Control. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing such transaction, but the applicant for a specific license is required to make full disclosure of all parties in interest to the transaction so that a decision on the application may be made with full knowledge of all relevant facts and so that the identity and location of the persons who know about the transaction may be easily ascertained in the event of inquiry.

(3) Information to be supplied. The applicant must supply all information specified by relevant instructions and/or forms, and must fully disclose the names of all the parties who are concerned with or interested in the proposed transaction. If the application is filed by an agent, the agent must disclose the name of his principal(s). Such documents as may be relevant shall be attached to each application as a part of such application except that documents previously filed with the Office of Foreign Assets Control may, where appropriate, be incorporated by reference. Applicants may be required to furnish such further information as is deemed necessary to a proper determination by the Office of Foreign Assets Control. If an applicant or other party in interest desires to present

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(3) Information to be supplied. The applicant must supply all information specified by relevant instructions and/or forms, and must fully disclose the names of all the parties who are concerned with or interested in the proposed transaction. If the application is filed by an agent, the agent must disclose the name of his principal(s). Such documents as may be relevant shall be attached to each application as a part of such application except that documents previously filed with the Office of Foreign Assets Control may, where appropriate, be incorporated by reference. Applicants may be required to furnish such further information as is deemed necessary to a proper determination by the Office of Foreign Assets Control. If an applicant or other party in interest desires to present

additional information or discuss or argue the application, he may do so at any time before or after decision.

Arrangements for oral presentation should be made with the Office of Foreign Assets Control.

(4) Effect of denial. The denial of a license does not preclude the reopening of an application or the filing of a further application. The applicant or any other party in interest may at any time request explanation of the reasons for a denial by correspondence or personal interview.

(5) Reports under specific licenses. As a condition for the issuance of any license, the licensee may be required to file reports with respect to the transaction covered by the license, in such form and at such times and places as may be prescribed in the license or otherwise.

(6) Issuance of license. Licenses will be issued by the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury or licenses may be issued by the Secretary of the Treasury acting directly or through any specifically designated person, agency, or instrumentality.

(c) Address. License applications, reports, and inquiries should be addressed to the appropriate section or individual within the Office of Foreign Assets Control, or to its Director, at the following address:

Office of Foreign Assets Control
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W., Annex

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Office of Foreign Assets Control

U.S. Department of the Treasury

1500 Pennsylvania Avenue, N.W., Annex

Washington, D.C. 20220.

Section 570.802 Decisions.

The Office of Foreign Assets Control will advise each applicant of the decision respecting filed applications. The decision of the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury with respect to an application shall constitute final agency action.

Section 570.803 Amendment, modification, or revocation.

The provisions of this part and any rulings, licenses, whether general or specific, authorizations, instructions, orders, or forms issued hereunder may be amended, modified, or revoked at any time.

Section 570.804 Rulemaking.

(a) All rules and other public documents are issued by the Secretary of the Treasury upon recommendation of the Director of the Office of Foreign Assets Control. In general, rulemaking by the Office of Foreign Assets Control involves foreign affairs functions of the United States, and for that reason is exempt from the requirements under the Administrative Procedure Act (5 U.S.C. 553) for notice of proposed rulemaking, opportunity for public comment, and

Washington, D.C. 20220.

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Section 570.804 Rulemaking.

(a) All rules and other public documents are issued by the Secretary of the Treasury upon recommendation of the Director of the Office of Foreign Assets Control. In general, rulemaking by the Office of Foreign Assets Control involves foreign affairs functions of the United States, and for that reason is exempt from the requirements under the Administrative Procedure Act (5 U.S.C. 553) for notice of proposed rulemaking, opportunity for public comment, and

delay in effective date. Wherever possible, however, it is the practice of the Office of Foreign Assets Control to receive written submissions or hold informal consultations with interested parties before the issuance of any rule or other public document.

(b) Any interested person may petition the Director of the Office of Foreign Assets Control in writing for the issuance, amendment, or repeal of any rule.

Section 570.805 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order No. 12723 and Executive Order No. 12725 may be taken by the Director, Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

Section 570.806 Rules governing availability of information.

(a) The records of the Office of Foreign Assets Control which are required by 5 U.S.C. 552 to be made available to the public shall be made available in accordance with the definitions, procedures, payment of fees, and other provisions of the regulations on the Disclosure of Records

delay in effective date. Wherever possible, however, it is the practice of the Office of Foreign Assets Control to receive written submissions or hold informal consultations with interested parties before the issuance of any rule or other public document.

(b) Any interested person may petition the Director of the Office of Foreign Assets Control in writing for the issuance, amendment, or repeal of any rule.

Section 570.805 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order No. 12723 and Executive Order No. 12725 may be taken by the Director, Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

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(a) The records of the Office of Foreign Assets Control which are required by 5 U.S.C. 552 to be made available to the public shall be made available in accordance with the definitions, procedures, payment of fees, and other provisions of the regulations on the Disclosure of Records

of the Office of the Secretary and of other bureaus and offices of the Department issued under 5 U.S.C. 552 and published as Part 1 of this Title 31 of the Code of Federal Regulations.

(b) Any form issued for use in connection with the Kuwaiti Assets Control Regulations may be obtained in person or by writing to the Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Annex, Washington, D.C. 20220, or by calling (202) 566-2701.

Subpart I -- Paperwork Reduction Act

Section 570.901 [Reserved].

APPENDIX A TO PART 570--KUWAITI GOVERNMENTAL ENTITIES

The Treasury Department has been asked about the status of various entities in which the Government of Kuwait or Kuwaiti nationals may have an interest for purposes of Executive Order Nos. 12722-12725. Based on information available to the Office of Foreign Assets Control, the following lists have been compiled.

The entities listed as "Controlled/Blocked" have been determined to be controlled by the Government of Kuwait and/or the Government of Iraq and should be regarded as blocked entities. This means U.S. persons are prohibited

of the Office of the Secretary and of other bureaus and offices of the Department issued under 5 U.S.C. 552 and published as Part 1 of this Title 31 of the Code of Federal Regulations.

(b) Any form issued for use in connection with the Kuwaiti Assets Control Regulations may be obtained in person or by writing to the Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Annex, Washington, D.C. 20220, or by calling (202) 566-2701.

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The entities listed as "Controlled/Blocked" have been determined to be controlled by the Government of Kuwait and/or the Government of Iraq and should be regarded as blocked entities. This means U.S. persons are prohibited

from engaging in transactions with these entities and all assets under U.S. jurisdiction owned or controlled by those entities are blocked. U.S. persons are not prohibited, however, from paying funds owed to these entities into blocked accounts held in U.S. financial institutions.

The entities listed as "Controlled/Licensed to Operate" should also be regarded as controlled by the Government of Kuwait, but as licensed to operate. This means the Office of Foreign Assets Control has determined that the entities are under the effective control of the recognized Government of Kuwait and U.S. persons are authorized to engage in transactions with them. These authorized transactions include entering into contracts, making and receiving payments, and conducting other commercial or financial transactions. If questions arise, U.S. persons should request from the entities concerned to see copies of the operating licenses.

The entities listed as "Not Controlled/No Restrictions" are not regarded by the Office of Foreign Assets Control as controlled by the Government of Kuwait. The names of these entities appear on the list solely for the purpose of clarification because requests regarding their status have been received. Some of the entities on this list may be subject to special Treasury Department licensing or reporting requirements.

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Warning: These lists are subject to revision should new information become available, and are not inclusive. Additions to the lists are anticipated. The absence of a particular entity from any of the lists should not be regarded as indicative of whether the entity is owned or controlled by the Government of Kuwait or the Government of Iraq.

Controlled/Blocked

AlAhli Bank of Kuwait
AlAhlia Insurance Company
Arab Fund for Economic and Social Development
Arab Trust Company
Bahrain Arab International Bank
Bank of Kuwait & Middle East
Burgan Bank
Central Bank of Kuwait
Commercial Bank of Kuwait
Commercial Facilities Company
The Gulf Bank
Gulf Insurance Company
Industrial Bank of Kuwait
International Financial Advisor
KREIC Singapore
Kuwait Cement Company
Kuwait Clearing Company
Kuwait Finance House
Kuwait Hotels Company
Kuwait Metal Pipe Industries Company
Kuwait Real Estate Bank
Kuwait Real Estate Investment Consortium
(KREIC)
Kuwait Reinsurance Company
Kuwait Supply Company
Kuwait United Poultry Company
Mobile Telephone Systems
Mubarakiah Poultry and Feed Company
National Industries Company K.S.C.
National Real Estate Company
Public Warehousing Company
Rawdatain Water Bottling Company
Refrigeration Industries Company
Savings and Credit Bank
Securities Group Company
Securities House Company

Warning: These lists are subject to revision should new information become available, and are not inclusive. Additions to the lists are anticipated. The absence of a particular entity from any of the lists should not be regarded as indicative of whether the entity is owned or controlled by the Government of Kuwait or the Government of Iraq.

Controlled/Blocked

AlAhli Bank of Kuwait
AlAhlia Insurance Company
Arab Fund for Economic and Social Development
Arab Trust Company
Bahrain Arab International Bank
Bank of Kuwait & Middle East
Burgan Bank
Central Bank of Kuwait
Commercial Bank of Kuwait
Commercial Facilities Company
The Gulf Bank
Gulf Insurance Company
Industrial Bank of Kuwait
International Financial Advisor
KREIC Singapore
Kuwait Cement Company
Kuwait Clearing Company
Kuwait Finance House
Kuwait Hotels Company
Kuwait Metal Pipe Industries Company
Kuwait Real Estate Bank
Kuwait Real Estate Investment Consortium
(KREIC)
Kuwait Reinsurance Company
Kuwait Supply Company
Kuwait United Poultry Company
Mobile Telephone Systems
Mubarakiah Poultry and Feed Company
National Industries Company K.S.C.
National Real Estate Company
Public Warehousing Company
Rawdatain Water Bottling Company
Refrigeration Industries Company
Savings and Credit Bank
Securities Group Company
Securities House Company

United Fisheries of Kuwait
United Realty Company
Univest Invest Company
Warba Insurance Company

Controlled/Licensed to Operate

Credit des Bergues
Georgetown Industries, Inc. (including subsidiaries)
KFIC, Inc. (including subsidiaries)
Kuwait Airways Corporation
Kuwait Asia Bank
Kuwait Investment Office (including controlled entities)
Kuwait Investment Authority
Kuwait Maritime Transport Company
Kuwait & Middle East Financial Investment Company
Kuwait Petroleum Corporation (London) (including licensed affiliates)
Kuwait Petroleum - North Sea Holdings Ltd. (including subsidiaries)
Santa Fe International Corporation (including subsidiaries and affiliates)
Wafra Intervest Corporation (Cayman) (including subsidiaries and affiliates)

Not Controlled/No Restrictions

[Some of these entities may be subject to special Treasury Department licensing/reporting requirements.]

Alexandria Kuwait International Bank
Arab African International Bank
Arab Banking Corporation
Arab Financial Services Company
Arab Hellenic Bank
Arab Insurance Group
Arab Maritime Petroleum Transport
Arab Mining Company
Arab Petroleum Investments Corporation
Arab Turkish Bank
Bahrain Islamic Bank
Bahrain Islamic Investment Company
Bahrain Middle East Bank
Banco Arabe Espanol
Banco Atlantico
Bank of Bahrain and Kuwait
Bank of Oman, Bahrain & Kuwait
CHENI
Dao Heng Bank
FRAB Bank International

United Fisheries of Kuwait
United Realty Company
Univest Invest Company
Warba Insurance Company

Controlled/Licensed to Operate

Credit des Bergues
Georgetown Industries, Inc. (including subsidiaries)
KFIC, Inc. (including subsidiaries)
Kuwait Airways Corporation
Kuwait Asia Bank
Kuwait Investment Office (including controlled entities)
Kuwait Investment Authority
Kuwait Maritime Transport Company
Kuwait & Middle East Financial Investment Company
Kuwait Petroleum Corporation (London) (including licensed affiliates)
Kuwait Petroleum - North Sea Holdings Ltd. (including subsidiaries)
Santa Fe International Corporation (including subsidiaries and affiliates)
Wafra Intervest Corporation (Cayman) (including subsidiaries and affiliates)

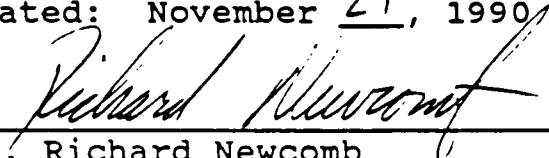
Not Controlled/No Restrictions

[Some of these entities may be subject to special Treasury Department licensing/reporting requirements.]

Alexandria Kuwait International Bank
Arab African International Bank
Arab Banking Corporation
Arab Financial Services Company
Arab Hellenic Bank
Arab Insurance Group
Arab Maritime Petroleum Transport
Arab Mining Company
Arab Petroleum Investments Corporation
Arab Turkish Bank
Bahrain Islamic Bank
Bahrain Islamic Investment Company
Bahrain Middle East Bank
Banco Arabe Espanol
Banco Atlantico
Bank of Bahrain and Kuwait
Bank of Oman, Bahrain & Kuwait
CHENI
Dao Heng Bank
FRAB Bank International

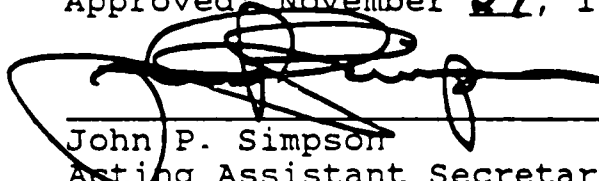
Gulf International Bank
Gulf Investment Corporation
Independent Petroleum Group
International Contracting Group
Jordan Fertilizer Industry Company
Jordan Kuwait Bank
Korea Kuwait Banking Corporation
Kuwait French Bank
Kuwait Investment Projects Company
Kuwait Lebanon Bank
Kuwait National Cinema Company
National Bank of Kuwait
National Investment Company
Oman Housing Bank
Pearl Holding Company
Swiss Kuwaiti Bank
The Arab Investment Company
UBAF Arab American Bank
United Arab Shipping Company
United Bank of Kuwait
United Gulf Bank
Yemen Kuwait Bank

Dated: November 21, 1990



R. Richard Newcomb
Director
Office of Foreign Assets Control

Approved: November 27, 1990



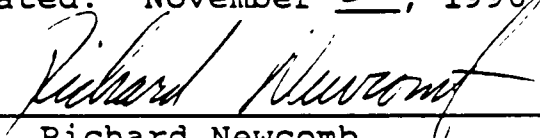
John P. Simpson
Acting Assistant Secretary
(Enforcement)

Filed: November 28, 1990 (4:34 p.m.)

Publication date: November 30, 1990

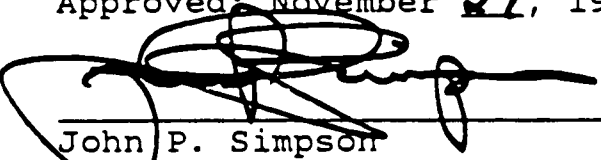
Gulf International Bank
Gulf Investment Corporation
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Jordan Fertilizer Industry Company
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Korea Kuwait Banking Corporation
Kuwait French Bank
Kuwait Investment Projects Company
Kuwait Lebanon Bank
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE
AUGUST 24, 1990

CONTACT: BARBARA CLAY
566-2041

STATEMENT BY THE SECRETARY
OF THE TREASURY
NICHOLAS F. BRADY

The Department of the Treasury welcomes the preliminary results of the Government of Venezuela's offer of various financing options to its creditor banks. Based on responses from banks representing 90% of outstanding exposure, the banks' choices will produce an estimated 20% net reduction in Venezuela's stock of commercial bank debt and a 50% annual cut in external debt-service payments to banks. The two principal financing options selected by banks were par bonds and new money totaling \$1.15 billion. The strong bank response reflects further successful implementation of the strengthened international debt strategy.

NB-930

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE
AUGUST 24, 1990

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566-2041

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NB-930



AUCTION RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE

August 27, 1990

CONTACT: Office of Financing
202/376-4350

DEPT. OF THE TREASURY
RESULTS OF TREASURY'S WEEKLY BILL AUCTIONS

Tenders for \$9,235 million of 13-week bills and for \$9,236 million of 26-week bills, both to be issued on August 30, 1990, were accepted today.

RANGE OF ACCEPTED COMPETITIVE BIDS:	13-week bills			:	26-week bills		
	maturing November 29, 1990			:	maturing February 28, 1991		
	Discount	Investment		:	Discount	Investment	
	Rate	Rate 1/	Price	:	Rate	Rate 1/	Price
Low	7.47%	7.72%	98.112	:	7.47%	7.87%	96.224
High	7.49%	7.74%	98.107	:	7.48%	7.88%	96.218
Average	7.49%	7.74%	98.107	:	7.48%	7.88%	96.218

Tenders at the high discount rate for the 13-week bills were allotted 85%.
Tenders at the high discount rate for the 26-week bills were allotted 62%.

**TOTAL TENDERS RECEIVED AND ACCEPTED
BY FEDERAL RESERVE DISTRICTS
(In Thousands)**

Location	Received	Accepted	:	Received	Accepted
Boston	\$ 46,790	\$ 46,790	:	\$ 38,500	\$ 38,500
New York	27,319,415	7,997,495	:	27,965,050	8,151,100
Philadelphia	23,435	23,435	:	18,550	18,170
Cleveland	45,420	45,120	:	38,650	38,650
Richmond	56,460	56,460	:	51,390	51,390
Atlanta	31,375	30,375	:	25,700	25,200
Chicago	1,683,680	101,150	:	1,925,390	81,390
St. Louis	44,160	24,160	:	27,520	19,520
Minneapolis	11,990	9,490	:	8,650	8,650
Kansas City	44,250	44,250	:	47,335	47,335
Dallas	34,040	24,040	:	24,860	14,860
San Francisco	1,019,315	153,315	:	754,115	146,915
Treasury	678,550	678,550	:	594,135	594,135
TOTALS	\$31,038,880	\$9,234,630	:	\$31,519,845	\$9,235,815

Type	Received	Accepted	:	Received	Accepted
Competitive	\$26,956,465	\$5,152,215	:	\$27,189,450	\$4,905,420
Noncompetitive	1,541,915	1,541,915	:	1,242,295	1,242,295
Subtotal, Public	\$28,498,380	\$6,694,130	:	\$28,431,745	\$6,147,715
Federal Reserve	2,302,800	2,302,800	:	2,300,000	2,300,000
Foreign Official Institutions	237,700	237,700	:	788,100	788,100
TOTALS	\$31,038,880	\$9,234,630	:	\$31,519,845	\$9,235,815

1/ Equivalent coupon-issue yield.

NB-931

AUCTION RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
August 27, 1990

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DEPT. OF THE

CONTACT: Office of Financing
202/376-4350

RESULTS OF TREASURY'S WEEKLY BILL AUCTIONS

Tenders for \$9,235 million of 13-week bills and for \$9,236 million of 26-week bills, both to be issued on August 30, 1990, were accepted today.

RANGE OF ACCEPTED COMPETITIVE BIDS:	13-week bills			:	26-week bills		
	maturing November 29, 1990			:	maturing February 28, 1991		
	Discount Rate	Investment Rate 1/	Price	:	Discount Rate	Investment Rate 1/	Price
Low	7.47%	7.72%	98.112	:	7.47%	7.87%	96.224
High	7.49%	7.74%	98.107	:	7.48%	7.88%	96.218
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Tenders at the high discount rate for the 26-week bills were allotted 62%.

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Location	Received	Accepted	:	Received	Accepted
Boston	\$ 46,790	\$ 46,790	:	\$ 38,500	\$ 38,500
New York	27,319,415	7,997,495	:	27,965,050	8,151,100
Philadelphia	23,435	23,435	:	18,550	18,170
Cleveland	45,420	45,120	:	38,650	38,650
Richmond	56,460	56,460	:	51,390	51,390
Atlanta	31,375	30,375	:	25,700	25,200
Chicago	1,683,680	101,150	:	1,925,390	81,390
St. Louis	44,160	24,160	:	27,520	19,520
Minneapolis	11,990	9,490	:	8,650	8,650
Kansas City	44,250	44,250	:	47,335	47,335
Dallas	34,040	24,040	:	24,860	14,860
San Francisco	1,019,315	153,315	:	754,115	146,915
Treasury	678,550	678,550	:	594,135	594,135
TOTALS	\$31,038,880	\$9,234,630	:	\$31,519,845	\$9,235,815
Type					
Competitive	\$26,956,465	\$5,152,215	:	\$27,189,450	\$4,905,420
Noncompetitive	1,541,915	1,541,915	:	1,242,295	1,242,295
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Federal Reserve	2,302,800	2,302,800	:	2,300,000	2,300,000
Foreign Official Institutions	237,700	237,700	:	788,100	788,100
TOTALS	\$31,038,880	\$9,234,630	:	\$31,519,845	\$9,235,815

1/ Equivalent coupon-issue yield.

NB-931

LIB ADV ROOM 131
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

FOR IMMEDIATE RELEASE
August 28, 1990

CONTACT: Office of Financing
202/376-4350

RESULTS OF AUCTION OF 2-YEAR NOTES

The Department of the Treasury has accepted \$11,557 million of \$28,548 million of tenders received from the public for the 2-year notes, Series AD-1992, auctioned today. The notes will be issued August 31, 1990, and mature August 31, 1992.

The interest rate on the notes will be 8-1/8%. The range of accepted competitive bids, and the corresponding prices at the 8-1/8% rate are as follows:

	<u>Yield</u>	<u>Price</u>
Low	8.18%	99.900
High	8.20%	99.864
Average	8.19%	99.882

Tenders at the high yield were allotted 56%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ 56,760	\$ 56,760
New York	25,511,035	10,189,695
Philadelphia	38,985	38,985
Cleveland	58,270	58,270
Richmond	160,875	98,995
Atlanta	47,390	46,950
Chicago	1,403,680	336,835
St. Louis	93,110	82,790
Minneapolis	50,945	25,945
Kansas City	113,720	112,280
Dallas	34,355	27,155
San Francisco	698,970	202,970
Treasury	279,860	279,860
Totals	<u>\$28,547,955</u>	<u>\$11,557,490</u>

The \$11,557 million of accepted tenders includes \$1,372 million of noncompetitive tenders and \$10,185 million of competitive tenders from the public.

In addition to the \$11,557 million of tenders accepted in the auction process, \$665 million of tenders was awarded at the average price to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$1,131 million of tenders was also accepted at the average price from Federal Reserve Banks for their own account in exchange for maturing securities.

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041
DEPT. OF THE TREASURY

FOR IMMEDIATE RELEASE
August 28, 1990

CONTACT: Office of Financing
202/376-4350

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Low	8.18%	99.900
High	8.20%	99.864
Average	8.19%	99.882

Tenders at the high yield were allotted 56%.

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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

FOR RELEASE AT 4:00 P.M.

CONTACT: Office of Financing
202/376-4350

August 28, 1990

TREASURY'S WEEKLY BILL OFFERING

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills totaling approximately \$18,400 million, to be issued September 6, 1990. This offering will provide about \$1,675 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of \$16,723 million. Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. 20239, prior to 1:00 p.m., Eastern Daylight Saving time, Tuesday, September 4, 1990. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$9,200 million, representing an additional amount of bills dated June 7, 1990 and to mature December 6, 1990 (CUSIP No. 912794 VL 5), currently outstanding in the amount of \$8,627 million, the additional and original bills to be freely interchangeable.

182-day bills for approximately \$9,200 million, to be dated September 6, 1990, and to mature March 7, 1991 (CUSIP No. 912794 VY 7).

The bills will be issued on a discount basis under competitive and noncompetitive bidding, and at maturity their par amount will be payable without interest. Both series of bills will be issued entirely in book-entry form in a minimum amount of \$10,000 and in any higher \$5,000 multiple, on the records either of the Federal Reserve Banks and Branches, or of the Department of the Treasury.

The bills will be issued for cash and in exchange for Treasury bills maturing September 6, 1990. Tenders from Federal Reserve Banks for their own account and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rates of accepted competitive tenders. Additional amounts of the bills may be issued to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing bills held by them. Federal Reserve Banks currently hold \$985 million as agents for foreign and international monetary authorities, and \$4,308 million for their own account. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 5176-1 (for 13-week series) or Form PD 5176-2 (for 26-week series).

NB-933

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-204

DEPT. OF THE TREASURY

FOR RELEASE AT 4:00 P.M.

CONTACT: Office of Financing
202/376-4350

August 28, 1990

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Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities may submit tenders for account of customers, if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held as of one-half hour prior to the closing time for receipt of tenders on the day of the auction. Such positions would include bills acquired through "when issued" trading, and futures and forward transactions as well as holdings of outstanding bills with the same maturity date as the new offering, e.g., bills with three months to maturity previously offered as six-month bills. Dealers, who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities, when submitting tenders for customers, must submit a separate tender for each customer whose net long position in the bill being offered exceeds \$200 million.

A noncompetitive bidder may not have entered into an agreement, nor make an agreement to purchase or sell or otherwise dispose of any noncompetitive awards of this issue being auctioned prior to the designated closing time for receipt of tenders.

Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made on all accepted tenders for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

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Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made on all accepted tenders for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Competitive bidders will be advised of the acceptance or rejection of their tenders. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and the Secretary's action shall be final. Subject to these reservations, noncompetitive tenders for each issue for \$1,000,000 or less without stated yield from any one bidder will be accepted in full at the weighted average bank discount rate (in two decimals) of accepted competitive bids for the respective issues. The calculation of purchase prices for accepted bids will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final.

Settlement for accepted tenders for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches must be made or completed at the Federal Reserve Bank or Branch on the issue date, in cash or other immediately-available funds or in Treasury bills maturing on that date. Cash adjustments will be made for differences between the par value of the maturing bills accepted in exchange and the issue price of the new bills.

If a bill is purchased at issue, and is held to maturity, the amount of discount is reportable as ordinary income on the Federal income tax return of the owner for the year in which the bill matures. Accrual-basis taxpayers, banks, and other persons designated in section 1281 of the Internal Revenue Code must include in income the portion of the discount for the period during the taxable year such holder held the bill. If the bill is sold or otherwise disposed of before maturity, any gain in excess of the basis is treated as ordinary income.

Department of the Treasury Circulars, Public Debt Series - Nos. 26-76, 27-76, and 2-86, as applicable, Treasury's single bidder guidelines, and this notice prescribe the terms of these Treasury bills and govern the conditions of their issue. Copies of the circulars, guidelines, and tender forms may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt.

Public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Competitive bidders will be advised of the acceptance or rejection of their tenders. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and the Secretary's action shall be final. Subject to these reservations, noncompetitive tenders for each issue for \$1,000,000 or less without stated yield from any one bidder will be accepted in full at the weighted average bank discount rate (in two decimals) of accepted competitive bids for the respective issues. The calculation of purchase prices for accepted bids will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final.

Settlement for accepted tenders for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches must be made or completed at the Federal Reserve Bank or Branch on the issue date, in cash or other immediately-available funds or in Treasury bills maturing on that date. Cash adjustments will be made for differences between the par value of the maturing bills accepted in exchange and the issue price of the new bills.

If a bill is purchased at issue, and is held to maturity, the amount of discount is reportable as ordinary income on the Federal income tax return of the owner for the year in which the bill matures. Accrual-basis taxpayers, banks, and other persons designated in section 1281 of the Internal Revenue Code must include in income the portion of the discount for the period during the taxable year such holder held the bill. If the bill is sold or otherwise disposed of before maturity, any gain in excess of the basis is treated as ordinary income.

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AUCTION RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

LIBRARY ROOM 5310

FOR IMMEDIATE RELEASE
August 29, 1990

CONTACT: Office of Financing
202/376-4350
AUG 30 1990

RESULTS OF AUCTION OF 5-YEAR 2-MONTH NOTES

The Department of the Treasury has accepted \$8,561 million of \$26,345 million of tenders received from the public for the 5-year 2-month notes, Series M-1995, auctioned today. The notes will be issued September 4, 1990, and mature November 15, 1995.

The interest rate on the notes will be 8-1/2%. The range of accepted competitive bids, and the corresponding prices at the 8-1/2% rate are as follows:

	<u>Yield</u>	<u>Price</u>
Low	8.56% *	99.685
High	8.58%	99.603
Average	8.57%	99.644

* Excepting \$70,000 at lower yields.
Tenders at the high yield were allotted 20%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ 25,273	\$ 25,273
New York	24,258,776	8,021,201
Philadelphia	15,466	15,466
Cleveland	31,757	31,754
Richmond	140,908	50,188
Atlanta	20,010	19,976
Chicago	1,053,235	221,630
St. Louis	32,454	27,454
Minneapolis	20,124	20,124
Kansas City	53,861	53,861
Dallas	14,204	12,399
San Francisco	674,554	57,482
Treasury	3,908	3,908
Totals	\$26,344,530	\$8,560,716

The \$8,561 million of accepted tenders includes \$672 million of noncompetitive tenders and \$7,889 million of competitive tenders from the public.

In addition to the \$8,561 million of tenders accepted in the auction process, \$415 million of tenders was awarded at the average price to Federal Reserve Banks as agents for foreign and international monetary authorities.

AUCTION RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

LIBRARY ROOM 7310

FOR IMMEDIATE RELEASE
August 29, 1990

CONTACT: Office of Financing
202/376-4350
AUG 30 1990

RESULTS OF AUCTION OF 5-YEAR 2-MONTH NOTES

The Department of the Treasury has accepted \$8,561 million of \$26,345 million of tenders received from the public for the 5-year 2-month notes, Series M-1995, auctioned today. The notes will be issued September 4, 1990, and mature November 15, 1995.

The interest rate on the notes will be 8-1/2%. The range of accepted competitive bids, and the corresponding prices at the 8-1/2% rate are as follows:

	<u>Yield</u>	<u>Price</u>
Low	8.56% *	99.685
High	8.58%	99.603
Average	8.57%	99.644

* Excepting \$70,000 at lower yields.
Tenders at the high yield were allotted 20%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ 25,273	\$ 25,273
New York	24,258,776	8,021,201
Philadelphia	15,466	15,466
Cleveland	31,757	31,754
Richmond	140,908	50,188
Atlanta	20,010	19,976
Chicago	1,053,235	221,630
St. Louis	32,454	27,454
Minneapolis	20,124	20,124
Kansas City	53,861	53,861
Dallas	14,204	12,399
San Francisco	674,554	57,482
Treasury	3,908	3,908
Totals	\$26,344,530	\$8,560,716

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DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAITI ASSETS CONTROL REGULATIONS
IRAQI SANCTIONS REGULATIONS

GENERAL LICENSE NO. 9

Export Transactions Initiated Prior to Effective Date.

(a) Goods awaiting exportation to Iraq or Kuwait on the effective date and seized or detained by the U.S. Customs Service on the effective date or thereafter pursuant to Executive Orders 12722 or 12723 or Executive Orders 12724 or 12725, may be released to the exporter provided the following documents are filed with Customs officials at the port where such goods are located:

(1) A copy of the contract governing the exportation (sale or other transfer) of the goods to Iraq or Kuwait or, if no contract exists, a written explanation of the circumstances of exportation, including in either case a description of the manner and terms of payment received or to be received by the exporter (or other person) for, or by reason of, the exportation of the goods;

(2) An invoice, bill of lading, or other documentation fully describing the goods; and

(3) A statement by the exporter substantially in the following form:

Any amount received from or on behalf of the Government of Iraq or the Government of Kuwait by reason of the attempted exportation of the goods released to [name of exporter] by the U.S. Customs Service on [date], and fully described in the attached documents, has been or will be placed into a blocked account in a U.S. banking institution
Office of Foreign Assets Control, Blocked Assets



DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAITI ASSETS CONTROL REGULATIONS
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(3) A statement by the exporter substantially in the following form:

Any amount received from or on behalf of the Government of Iraq or the Government of Kuwait by reason of the attempted exportation of the goods released to [name of exporter] by the U.S. Customs Service on [date], and fully described in the attached documents, has been or will be placed into a blocked account in a U.S. banking institution

~~of the Office of Foreign Assets Control, Blocked Assets~~

Section, will be immediately notified. [Name of exporter] agrees to fully indemnify the U.S. Government for any amount ultimately determined by a court of competent jurisdiction to be due or payable to or for the benefit of any person by reason of the failure of [name of exporter] to properly pay into a blocked account any amount received for the goods from or on behalf of the Government of Iraq or the Government of Kuwait. [Name of exporter] also agrees to waive all claims (1) against any payments received and placed into a blocked account, except as may be later authorized by law, regulations, or license, and (2) against the U.S. Government with regard to the disposition of the amounts placed into a blocked account.

The statement should be dated and signed by the exporter or by a person authorized to sign on the exporter's behalf. The Customs Service may release the goods to the exporter upon receipt of the documentation and statement described above, provided it is satisfied that all Customs laws and regulations have been complied with, including the execution of such hold harmless assurances as it shall determine to be appropriate. The documentation and statement received by Customs will be forwarded to the Office of Foreign Assets Control for review and appropriate action.

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

(1) The term "effective date" shall mean (A) 5:00 a.m., Eastern Daylight Time (EDT), August 2, 1990, in the case of exportations to Iraq or to or for the benefit of the Government of Iraq or the Government of Kuwait; or (B) 8:55 p.m., EDT, August 9, 1990, in the case of other exportations to Kuwait, or to a nongovernmental business in a third country operated from Iraq or Kuwait.

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

(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 owned or controlled by the foregoing;

(C) Any person to the extent such person is, or has been, or to the extent 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 this section.

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

(A) The state and 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 owned or controlled by any of 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
i: any of the foregoing; and

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(B) Any partnership, association, corporation, or other organization owned or controlled by any of 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

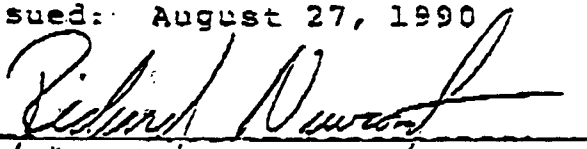
(D) Any other person or organization determined by the Secretary of the Treasury to be included within this section.

(4) The term "blocked account" shall mean an account in a U.S. banking institution 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.

(5) The term "U.S. banking 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, including but not limited to, banks, savings banks, and trust companies.

(6) The term "U.S. person" shall mean any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States.

Issued: August 27, 1990



R. Richard Newcomb

Director, Office of Foreign Assets Control

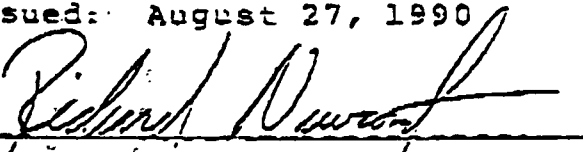
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Issued: August 27, 1990



R. Richard Newcomb

Director, Office of Foreign Assets Control



Aug 30 1990 2 04

FOR IMMEDIATE RELEASE

August 30, 1990

DEPT. OF THE TREASURY

CONTACT: LARRY BATDORF
(202) 566-2041

STATUS OF NEGOTIATIONS OF INCOME TAX TREATIES AND TAX INFORMATION EXCHANGE AGREEMENTS

The Treasury Department announced today the countries with which it is currently engaged in income tax treaty and tax information exchange agreement (TIEA) negotiations and invited comments from interested persons. Comments should be submitted in writing to Philip D. Morrison, International Tax Counsel, Room 3064, Treasury Department, Washington, D.C. 20220.

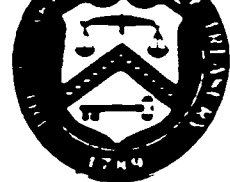
I. INCOME TAX TREATIES

A. Approved by Senate Foreign Relations Committee on June 29 and awaiting Senate action:

Finland
Germany
India
Indonesia
Spain
Tunisia
Multilateral Convention on Mutual Administrative Assistance in Tax Matters

B. Active Negotiations; Meetings Recently Held or Scheduled

Israel--protocol to existing treaty (not in effect) initialled April 27
Taiwan--first round of discussions on an income tax agreement held July 9-13; second round expected spring 1991
Bulgaria--first round held June 21-25; second round scheduled October 29-November 2
Czechoslovakia--preliminary discussions held August 7-9; further discussions expected spring 1991
Mexico--second round held August 13-17; further discussions expected during 1991
Canada--negotiation of a protocol to existing treaty to continue September 4-7
USSR--third round of negotiation on a new treaty tentatively scheduled for September 10-14
Germany--discussion on estate tax matters scheduled for September 10



Approved 8/20/90

FOR IMMEDIATE RELEASE

August 30, 1990

DEPT. OF THE TREASURY

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Barbados--discussions on a protocol to existing income tax treaty scheduled for September 19
France--meeting scheduled week of October 8 to discuss a technical protocol
Switzerland--negotiation of a new treaty to continue October 22-26
Netherlands--negotiation of a new treaty to continue November 5-9
Portugal--discussions possible December 1990 or January 1991
Thailand--negotiations scheduled January 14-19, 1991
Pakistan--negotiations scheduled March 11-15, 1991

C. Other Active Negotiations; No Meetings Scheduled

Bangladesh--correspondence on open issues
Belgium--correspondence on open issues
Denmark--correspondence on a protocol to proposed treaty (not in effect) to cover 1986 Tax Reform Act and other changes
Ireland--meeting to resolve open issues to be scheduled for first half of 1991
Italy--negotiation of a protocol to existing treaty
Sweden--text of new treaty undergoing final review
Sri Lanka--correspondence on open issues
Turkey--correspondence on open issues
Zambia--correspondence on open issues

D. Negotiations Initiated but not currently active

Austria
Barbados
Kuwait
Malaysia
Singapore
Trinidad & Tobago
Yugoslavia

II. TAX INFORMATION EXCHANGE AGREEMENTS

A. In Effect

Barbados (effective November 1984)
Bermuda (effective December 1988)
Dominica (effective May 1988)
Dominican Republic (effective October 1989)
Grenada (effective July 1987)
Jamaica (effective December 1986)
Mexico (effective January 1990)
Trinidad and Tobago (effective February 1990)

B. Signed, But Not Yet In Effect - Pending approval of Foreign Legislative Body

Costa Rica
Peru
St. Lucia

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Bahamas
El Salvador
Guyana
Honduras

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AUCTION RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
September 4, 1990

DEPT. OF THE TREASURY

CONTACT: Office of Financing
202/376-4350

RESULTS OF TREASURY'S WEEKLY BILL AUCTIONS

Tenders for \$9,233 million of 13-week bills and for \$9,219 million of 26-week bills, both to be issued on September 6, 1990, were accepted today.

RANGE OF ACCEPTED COMPETITIVE BIDS:	13-week bills			:	26-week bills		
	maturing December 6, 1990			:	maturing March 7, 1991		
	Discount	Investment		:	Discount	Investment	
	<u>Rate</u>	<u>Rate 1/</u>	<u>Price</u>	:	<u>Rate</u>	<u>Rate 1/</u>	<u>Price</u>
Low	7.35%	7.59%	98.142	:	7.33%	7.72%	96.294
High	7.40%	7.65%	98.129	:	7.37%	7.76%	96.274
Average	7.39%	7.64%	98.132	:	7.36%	7.75%	96.279

Tenders at the high discount rate for the 13-week bills were allotted 68%.
Tenders at the high discount rate for the 26-week bills were allotted 29%.

TOTAL TENDERS RECEIVED AND ACCEPTED BY FEDERAL RESERVE DISTRICTS (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>	:	<u>Received</u>	<u>Accepted</u>
Boston	\$ 35,290	\$ 35,290	:	\$ 36,720	\$ 36,720
New York	21,038,085	7,515,765	:	23,301,910	7,820,660
Philadelphia	16,200	16,200	:	19,710	19,710
Cleveland	41,665	41,665	:	32,030	32,030
Richmond	48,675	48,675	:	43,795	43,795
Atlanta	29,555	29,555	:	24,100	24,100
Chicago	1,893,420	464,420	:	1,466,685	335,185
St. Louis	40,150	30,150	:	25,130	19,710
Minneapolis	19,435	16,235	:	19,240	19,240
Kansas City	40,405	40,405	:	45,885	45,250
Dallas	25,170	25,170	:	24,340	24,340
San Francisco	927,945	292,625	:	735,580	131,870
Treasury	676,780	676,780	:	666,390	666,390
TOTALS	\$24,832,775	\$9,232,935	:	\$26,441,515	\$9,219,000
<u>Type</u>			:		
Competitive	\$21,097,505	\$5,497,665	:	\$22,097,745	\$4,875,230
Noncompetitive	1,447,745	1,447,745	:	1,283,965	1,283,965
Subtotal, Public	\$22,545,250	\$6,945,410	:	\$23,381,710	\$6,159,195
Federal Reserve	2,211,330	2,211,330	:	2,250,000	2,250,000
Foreign Official Institutions	76,195	76,195	:	809,805	809,805
TOTALS	\$24,832,775	\$9,232,935	:	\$26,441,515	\$9,219,000

An additional \$1,405 thousand of 13-week bills and an additional \$12,195 thousand of 26-week bills will be issued to foreign official institutions for new cash.

1/ Equivalent coupon-issue yield.

RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
September 4, 1990

DEPT. OF THE TREASURY

CONTACT: Office of Financing
202/376-4350

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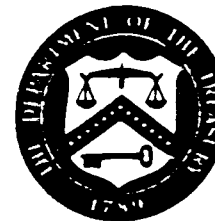
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Philadelphia	16,200	16,200	:	19,710	19,710
Cleveland	41,665	41,665	:	32,030	32,030
Richmond	48,675	48,675	:	43,795	43,795
Atlanta	29,555	29,555	:	24,100	24,100
Chicago	1,893,420	464,420	:	1,466,685	335,185
St. Louis	40,150	30,150	:	25,130	19,710
Minneapolis	19,435	16,235	:	19,240	19,240
Kansas City	40,405	40,405	:	45,885	45,250
Dallas	25,170	25,170	:	24,340	24,340
San Francisco	927,945	292,625	:	735,580	131,870
Treasury	676,780	676,780	:	666,390	666,390
TOTALS	\$24,832,775	\$9,232,935	:	\$26,441,515	\$9,219,000
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2000

DEPT. OF THE TREASURY

CONTACT: Office of Financing
202/376-4350

FOR RELEASE AT 4:00 P.M.
September 4, 1990

TREASURY'S WEEKLY BILL OFFERING

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills totaling approximately \$18,400 million, to be issued September 13, 1990. This offering will provide about \$1,600 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of \$16,804 million. Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. 20239, prior to 1:00 p.m., Eastern Daylight Saving time, Monday, September 10, 1990. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$9,200 million, representing an additional amount of bills dated June 14, 1990, and to mature December 13, 1990 (CUSIP No. 912794 VM 3), currently outstanding in the amount of \$8,928 million, the additional and original bills to be freely interchangeable.

182-day bills (to maturity date) for approximately \$9,200 million, representing an additional amount of bills dated March 15, 1990, and to mature March 14, 1991 (CUSIP No. 912794 VZ 4), currently outstanding in the amount of \$9,910 million, the additional and original bills to be freely interchangeable.

The bills will be issued on a discount basis under competitive and noncompetitive bidding, and at maturity their par amount will be payable without interest. Both series of bills will be issued entirely in book-entry form in a minimum amount of \$10,000 and in any higher \$5,000 multiple, on the records either of the Federal Reserve Banks and Branches, or of the Department of the Treasury.

The bills will be issued for cash and in exchange for Treasury bills maturing September 13, 1990. Tenders from Federal Reserve Banks for their own account and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rates of accepted competitive tenders. Additional amounts of the bills may be issued to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing bills held by them. Federal Reserve Banks currently hold \$1,545 million as agents for foreign and international monetary authorities, and \$4,378 million for their own account. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 5176-1 (for 13-week series) or Form PD 5176-2 (for 26-week series).

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

CONTACT: Office of Financing
202/376-4350

FOR RELEASE AT 4:00 P.M.
September 4, 1990

TREASURY'S WEEKLY BILL OFFERING

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills totaling approximately \$18,400 million, to be issued September 13, 1990. This offering will provide about \$1,600 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of \$16,804 million. Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. 20239, prior to 1:00 p.m., Eastern Daylight Saving time, Monday, September 10, 1990. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$9,200 million, representing an additional amount of bills dated June 14, 1990, and to mature December 13, 1990 (CUSIP No. 912794 VM 3), currently outstanding in the amount of \$8,928 million, the additional and original bills to be freely interchangeable.

182-day bills (to maturity date) for approximately \$9,200 million, representing an additional amount of bills dated March 15, 1990, and to mature March 14, 1991 (CUSIP No. 912794 VZ 4), currently outstanding in the amount of \$9,910 million, the additional and original bills to be freely interchangeable.

The bills will be issued on a discount basis under competitive and noncompetitive bidding, and at maturity their par amount will be payable without interest. Both series of bills will be issued entirely in book-entry form in a minimum amount of \$10,000 and in any higher \$5,000 multiple, on the records either of the Federal Reserve Banks and Branches, or of the Department of the Treasury.

The bills will be issued for cash and in exchange for Treasury bills maturing September 13, 1990. Tenders from Federal Reserve Banks for their own account and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rates of accepted competitive tenders. Additional amounts of the bills may be issued to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing bills held by them. Federal Reserve Banks currently hold \$1,545 million as agents for foreign and international monetary authorities, and \$4,378 million for their own account. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 5176-1 (for 13-week series) or Form PD 5176-2 (for 26-week series).

Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities may submit tenders for account of customers, if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held as of one-half hour prior to the closing time for receipt of tenders on the day of the auction. Such positions would include bills acquired through "when issued" trading, and futures and forward transactions as well as holdings of outstanding bills with the same maturity date as the new offering, e.g., bills with three months to maturity previously offered as six-month bills. Dealers, who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities, when submitting tenders for customers, must submit a separate tender for each customer whose net long position in the bill being offered exceeds \$200 million.

A noncompetitive bidder may not have entered into an agreement, nor make an agreement to purchase or sell or otherwise dispose of any noncompetitive awards of this issue being auctioned prior to the designated closing time for receipt of tenders.

Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made on all accepted tenders for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

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No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Competitive bidders will be advised of the acceptance or rejection of their tenders. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and the Secretary's action shall be final. Subject to these reservations, noncompetitive tenders for each issue for \$1,000,000 or less without stated yield from any one bidder will be accepted in full at the weighted average bank discount rate (in two decimals) of accepted competitive bids for the respective issues. The calculation of purchase prices for accepted bids will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final.

Settlement for accepted tenders for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches must be made or completed at the Federal Reserve Bank or Branch on the issue date, in cash or other immediately-available funds or in Treasury bills maturing on that date. Cash adjustments will be made for differences between the par value of the maturing bills accepted in exchange and the issue price of the new bills.

If a bill is purchased at issue, and is held to maturity, the amount of discount is reportable as ordinary income on the Federal income tax return of the owner for the year in which the bill matures. Accrual-basis taxpayers, banks, and other persons designated in section 1281 of the Internal Revenue Code must include in income the portion of the discount for the period during the taxable year such holder held the bill. If the bill is sold or otherwise disposed of before maturity, any gain in excess of the basis is treated as ordinary income.

Department of the Treasury Circulars, Public Debt Series - Nos. 26-76, 27-76, and 2-86, as applicable, Treasury's single bidder guidelines, and this notice prescribe the terms of these Treasury bills and govern the conditions of their issue. Copies of the circulars, guidelines, and tender forms may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt.

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DEPARTMENT OF THE TREASURY
WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAIT ASSETS CONTROL REGULATIONS
GENERAL LICENSE NO. 10

Completion of Certain Transactions Involving Bankers
Acceptances and Other Irrevocable Undertakings.

(a) Persons other than the Government of Iraq and the Government of Kuwait are authorized to buy, sell and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, involving the importation or exportation of goods to or from Iraq or involving an interest of the Government of Iraq or the Government of Kuwait, as long as the bankers acceptance was accepted or the deferred payment obligation was incurred prior to 5:00 a.m. Eastern Daylight Time ("EDT"), August 2, 1990.

(b) Persons other than the Government of Iraq and the Government of Kuwait are authorized to buy, sell and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, involving the importation or exportation of goods to or from Kuwait that do not involve an interest of the Government of Iraq or the Government of Kuwait, as long as the bankers acceptance was accepted or the deferred payment obligation was incurred prior to 8:55 p.m. EDT, August 9, 1990.

(c) Nothing in this license shall authorize or permit a debit to a blocked account. Specific licenses for the debiting of a blocked account may be issued on a case-by-case basis.

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



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(c) Nothing in this license shall authorize or permit a debit to a blocked account. Specific licenses for the debiting of a blocked account may be issued on a case-by-case basis.

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

(1) The term "Government of Iraq" shall mean:

(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, and

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

(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

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(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 this section.

(3) The term "deferred payment" shall mean a payment to be made under a letter of credit at a maturity date specified by or determinable from the wording of the credit, but not involving the acceptance of a tenor draft, and is as used in the Uniform Customs and Practice for Documentary Credits, 1983 Revision, ICC Publication No. 400.

Issued: August 30, 1990



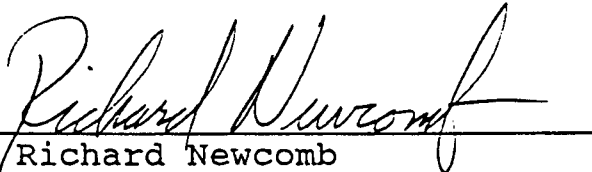
R. Richard Newcomb
Director
Office of Foreign Assets Control

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Issued: August 30, 1990



R. Richard Newcomb
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Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY

WASHINGTON

OFFICE OF FOREIGN ASSETS CONTROL
KUWAITI ASSETS CONTROL REGULATIONS
IRAQI SANCTIONS REGULATIONS

GENERAL LICENSE NO. 11

Importation of Household and Personal Effects from Iraq or Kuwait.

The importation of the household and personal effects of Iraqi or Kuwaiti origin, including baggage and articles for family use, of a person arriving in the United States directly or indirectly from Iraq or Kuwait is authorized. Articles included in such effects may be imported without limitation provided they were actually used by such person or family abroad, are not intended for any other person or for sale, and are not otherwise prohibited from importation.

Issued: September 1, 1990

Richard Newcomb

R. Richard Newcomb

Director

Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON

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KUWAITI ASSETS CONTROL REGULATIONS
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Issued:

September 1, 1990

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DEPARTMENT OF THE TREASURY
WASHINGTON

SEP 26 1990

OFFICE OF FOREIGN ASSETS CONTROL
KUWAITI ASSETS CONTROL REGULATIONS
IRAQI SANCTIONS REGULATIONS

GENERAL LICENSE NO. 12

Donations of Food to Relieve Human Suffering

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to Iraq or Kuwait of donated food, intended to relieve human suffering, where the shipment of foodstuffs has been authorized by the Security Council of the United Nations or a duly authorized body subordinate thereto acting pursuant to, and in accordance with, the provisions of United Nations Security Council resolution 666 (1990), a copy of which is attached hereto. Authorization will be sought from the United Nations Security Council or duly authorized subordinate body by the United States following application to this Office meeting the requirements of subsection (c) of this license.

(b) In general, and subject to paragraph (a), specific licenses will only be granted for donations of food to be provided through the United Nations in cooperation with the International Committee of the Red Cross or other appropriate humanitarian agencies and distributed by them or under their supervision, or in such other manner as may be approved under United Nations Security Council resolution 666 (1990), in



DEPARTMENT OF THE TREASURY
WASHINGTON

SEP 26 1990

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KUWAITI ASSETS CONTROL REGULATIONS
IRAQI SANCTIONS REGULATIONS

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(b) In general, and subject to paragraph (a), specific licenses will only be granted for donations of food to be provided through the United Nations in cooperation with the International Committee of the Red Cross or other appropriate humanitarian agencies and distributed by them or under their supervision, or in such other manner as may be approved under United Nations Security Council resolution 666 (1990), in

order to ensure that such donations reach the intended beneficiaries.

(c) Applications for specific licenses pursuant to paragraph (a) shall be made in advance of the proposed exportation, and provide notice and evidence of:

(1) the nature, quantity, value, and intended use of the donated food; and

(2) compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or duly authorized subordinate body to govern the shipment of foodstuffs under applicable United Nations Security Council resolutions, including resolutions 661 (1990) and 666 (1990).

Issued: September 26, 1990



R. Richard Newcomb
Director
Office of Foreign Assets Control

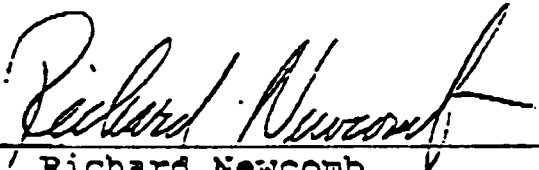
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Issued: September 26, 1990



R. Richard Newcomb
Director
Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON

OCT -3 1990

OFFICE OF FOREIGN ASSETS CONTROL
IRAQI SANCTIONS REGULATIONS
GENERAL LICENSE NO. 13

Certain standby letters of credit and performance bonds.

(a) Notwithstanding any other provision of law, payment into a blocked account in a U.S. financial institution by an issuing or confirming bank under a standby letter of credit in favor of an Iraqi entity is prohibited if either (1) a specific license has been issued pursuant to the provisions of paragraph (b) of this license or (2) ten business days have not expired after notice to the account party pursuant to paragraph (b) of this license.

(b) Whenever an issuing or confirming bank shall receive such demand for payment under such a standby letter of credit, it shall promptly notify the account party. The account party may then apply within five business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the Iraqi beneficiary in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party. Nothing in this license relieves any such bank or such account party from giving any notice of defense against payment or reimbursement that is required by applicable law.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or



DEPARTMENT OF THE TREASURY
WASHINGTON

OCT -3 1990

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IRAQI SANCTIONS REGULATIONS
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(b) Whenever an issuing or confirming bank shall receive such demand for payment under such a standby letter of credit, it shall promptly notify the account party. The account party may then apply within five business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the Iraqi beneficiary in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party. Nothing in this license relieves any such bank or such account party from giving any notice of defense against payment or reimbursement that is required by applicable law.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or

confirming bank has been enjoined from making payment, upon removal of the injunction, the account party may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this license. The issuing or confirming bank shall not make payment under the standby letter of credit unless (1) ten business days have expired since the bank has received notice of the removal of the injunction and (2) a specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

(d) If necessary to assure the availability of the funds blocked, the Secretary of the Treasury may at any time require the payment of the amounts due under any letter of credit described in paragraph (a) of this license into a blocked account in a U.S. financial institution or the supplying of any form of security deemed necessary.

(e) Nothing in this license precludes the account party on any standby letter of credit or any other person from at any time contesting the legality of the demand from the Iraqi beneficiary or from raising any other legal defense to payment under the standby letter of credit.

(f) This license does not affect the obligation of the various parties to the instruments covered by this license if the instruments and payments thereunder are subsequently unblocked.

(g) This license does not authorize any U.S. person to reimburse a non-U.S. bank for payment to an Iraqi beneficiary

- 2 -

confirming bank has been enjoined from making payment, upon removal of the injunction, the account party may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this license. The issuing or confirming bank shall not make payment under the standby letter of credit unless (1) ten business days have expired since the bank has received notice of the removal of the injunction and (2) a specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

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under a standby letter of credit, except by payments into a blocked account in accordance with paragraph (b) or (c) of this license.

(h) A person receiving a specific license under paragraph (b) or (c) of this license shall certify to the Office of Foreign Assets Control within five business days after receipt of the specific license that it has established the blocked account on its books as provided in those paragraphs. However, in appropriate cases, this time period may be extended upon application to the Office of Foreign Assets Control when the account party has filed a petition with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

(i) The extension or renewal of a standby letter of credit is authorized.

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

(1) The term "standby letter of credit" shall mean a letter of credit securing performance of, or repayment of any advance payments or deposits under, a contract, or any similar obligation in the nature of a performance bond.

(2) The term "account party" shall mean the person for whose account the standby letter of credit is opened.

(3) 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,

- 3 -

under a standby letter of credit, except by payments into a blocked account in accordance with paragraph (b) or (c) of this license.

(h) A person receiving a specific license under paragraph (b) or (c) of this license shall certify to the Office of Foreign Assets Control within five business days after receipt of the specific license that it has established the blocked account on its books as provided in those paragraphs. However, in appropriate cases, this time period may be extended upon application to the Office of Foreign Assets Control when the account party has filed a petition with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

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(3) 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.

(4) The term "blocked account" shall mean an account with respect to which 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.

Issued: October 3, 1990



R. Richard Newcomb
Director
Office of Foreign Assets Control

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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.

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Issued: October 3, 1990


R. Richard Newcomb
Director
Office of Foreign Assets Control

UNITED NATIONS

13-2,0

S



Security Council

Distr. GENERAL

S/PES/666 (1990)
13 September 1990

RESOLUTION 666 (1990)

ADOPTED BY THE SECURITY COUNCIL AT ITS 3839TH MEETING ON 12 SEPTEMBER 1990

The Security Council,

Recalling its resolution 661 (1990), paragraphs 3 (c) and 4 of which apply, except in humanitarian circumstances, to foodstuffs,

Recognizing that circumstances may arise in which it will be necessary for foodstuffs to be supplied to the civilian population in Iraq or Kuwait in order to relieve human suffering,

Noting that in this respect the Committee established under paragraph 2 of that resolution has received communications from several Member States,

Emphasizing that it is for the Security Council, alone or acting through the Committee, to determine whether humanitarian circumstances have arisen,

Deeply concerned that Iraq has failed to comply with its obligations under Security Council resolution 664 (1990) in respect of the safety and well-being of third State nationals, and reaffirming that Iraq remains full responsible in this regard under international humanitarian law including, where applicable, the Fourth Geneva Convention,

Acting under Chapter VII of the Charter of the United Nations,

1. Decides that in order to make the necessary determination whether or not for the purposes of paragraph 3 (c) and paragraph 4 of resolution 661 (1990) humanitarian circumstances have arisen, the Committee shall keep the situation regarding foodstuffs in Iraq and Kuwait under constant review;

2. Expects Iraq to comply with its obligations under Security Council resolution 664 (1990) in respect of third State nationals and reaffirms that Iraq remains fully responsible for their safety and well-being in accordance with international humanitarian law including, where applicable, the Fourth Geneva Convention;

UNITED NATIONS

13-2,0

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Security Council

Distr. GENERAL

S/PVS/666 (1990)
13 September 1990

RESOLUTION 666 (1990)

ADOPTED BY THE SECURITY COUNCIL AT ITS 3392ND MEETING
ON 12 SEPTEMBER 1990

The Security Council,

Recalling its resolution 661 (1990), paragraphs 3 (c) and 4 of which apply, except in humanitarian circumstances, to foodstuffs,

Recognizing that circumstances may arise in which it will be necessary for foodstuffs to be supplied to the civilian population in Iraq or Kuwait in order to relieve human suffering,

Noting that in this respect the Committee established under paragraph 2 of that resolution has received communications from several Member States,

Emphasizing that it is for the Security Council, alone or acting through the Committee, to determine whether humanitarian circumstances have arisen,

Deeply concerned that Iraq has failed to comply with its obligations under Security Council resolution 664 (1990) in respect of the safety and well-being of third State nationals, and reaffirming that Iraq remains fully responsible in this regard under international humanitarian law including, where applicable, the Fourth Geneva Convention,

Acting under Chapter VII of the Charter of the United Nations,

1. Decides that in order to make the necessary determination whether or not for the purposes of paragraph 3 (c) and paragraph 4 of resolution 661 (1990) humanitarian circumstances have arisen, the Committee shall keep the situation regarding foodstuffs in Iraq and Kuwait under constant review;

2. Expects Iraq to comply with its obligations under Security Council resolution 664 (1990) in respect of third State nationals and reaffirms that Iraq remains fully responsible for their safety and well-being in accordance with international humanitarian law including, where applicable, the Fourth Geneva Convention;

3. Requests, for the purposes of paragraphs 1 and 2 of this resolution, that the Secretary-General seek urgently, and on a continuing basis, information from relevant United Nations and other appropriate humanitarian agencies and all other sources on the availability of food in Iraq and Kuwait, such information to be communicated by the Secretary-General to the Committee regularly;

4. Requests further that in seeking and supplying such information particular attention will be paid to such categories of persons who might suffer especially, such as children under 15 years of age, expectant mothers, maternity cases, the sick and the elderly;

5. Decides that if the Committee, after receiving the reports from the Secretary-General, determines that circumstances have arisen in which there is an urgent humanitarian need to supply foodstuffs to Iraq or Kuwait in order to relieve human suffering, it will report promptly to the Council its decision as to how such need should be met;

6. Directs the Committee that in formulating its decisions it should bear in mind that foodstuffs should be provided through the United Nations in co-operation with the International Committee of the Red Cross or other appropriate humanitarian agencies and distributed by them or under their supervision in order to ensure that they reach the intended beneficiaries;

7. Requests the Secretary-General to use his good offices to facilitate the delivery and distribution of foodstuffs to Kuwait and Iraq in accordance with the provisions of this and other relevant resolutions;

8. Recalls that resolution 661 (1990) does not apply to supplies intended strictly for medical purposes, but in this connection recommends that medical supplies should be exported under the strict supervision of the Government of the exporting State or by appropriate humanitarian agencies.

3. Requests, for the purposes of paragraphs 1 and 2 of this resolution, that the Secretary-General seek urgently, and on a continuing basis, information from relevant United Nations and other appropriate humanitarian agencies and all other sources on the availability of food in Iraq and Kuwait, such information to be communicated by the Secretary-General to the Committee regularly;

4. Requests further that in seeking and supplying such information particular attention will be paid to such categories of persons who might suffer especially, such as children under 15 years of age, expectant mothers, maternity cases, the sick and the elderly;

5. Decides that if the Committee, after receiving the reports from the Secretary-General, determines that circumstances have arisen in which there is an urgent humanitarian need to supply foodstuffs to Iraq or Kuwait in order to relieve human suffering, it will report promptly to the Council its decision as to how such need should be met;

6. Directs the Committee that in formulating its decisions it should bear in mind that foodstuffs should be provided through the United Nations in co-operation with the International Committee of the Red Cross or other appropriate humanitarian agencies and distributed by them or under their supervision in order to ensure that they reach the intended beneficiaries;

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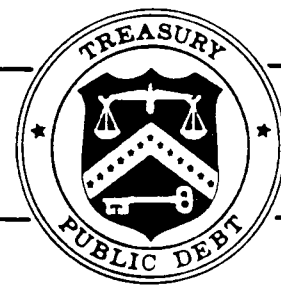
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PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

DEPT. OF THE TREASURY

FOR RELEASE AT 3:00 PM
September 7, 1990

Contact: Peter Hollenbach
(202) 376-4302

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR AUGUST 1990

Treasury's Bureau of the Public Debt announced activity figures for the month of August 1990, of securities within the Separate Trading of Registered Interest and Principal of Securities program, (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	\$451,060,835
Held in Unstripped Form	\$341,511,055
Held in Stripped Form	\$109,549,780
Reconstituted in August	\$4,473,560

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subsequent revision. These monthly figures are included in Table VI of the Monthly Statement of the Public Debt, entitled "Holdings of Treasury Securities in Stripped Form." These can also be obtained through a recorded message on (202) 447-9873.

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o0o

TABLE VI—HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, AUGUST 31, 1990
(in thousands)

Loan Description	Maturity Date	Principal Amount Outstanding			Reconstituted This Month ¹
		Total	Portion Held in Unstripped Form	Portion Held in Stripped Form	
11-5/8% Note C-1994	11/15/94	\$6,658,554	\$5,501,754	\$1,156,800	\$137,600
11-1/4% Note A-1995	2/15/95	6,933,861	6,425,381	508,480	-0-
11-1/4% Note B-1995	5/15/95	7,127,086	5,558,766	1,568,320	88,320
0-1/2% Note C-1995	8/15/95	7,955,901	7,291,901	664,000	12,000
3-1/2% Note D-1995	11/15/95	7,318,550	6,500,150	818,400	27,200
8-7/8% Note A-1996	2/15/96	8,575,199	8,343,199	232,000	20,800
7-3/8% Note C-1996	5/15/96	20,065,643	19,586,443	499,200	1,600
7-1/4% Note D-1996	11/15/96	20,258,810	19,962,810	296,000	4,000
8-1/2% Note A-1997	5/15/97	9,921,237	9,848,037	73,200	-0-
8-5/8% Note B-1997	8/15/97	9,362,836	9,362,836	-0-	-0-
8-7/8% Note C-1997	11/15/97	9,806,329	9,792,329	16,000	-0-
8-1/8% Note A-1998	2/15/98	9,159,068	9,158,428	640	-0-
9% Note B-1998	5/15/98	9,165,387	9,135,387	30,000	-0-
9-1/4% Note C-1998	8/15/98	11,342,646	11,214,646	128,000	-0-
8-7/8% Note D-1998	11/15/98	9,902,875	9,848,475	54,400	-0-
8-7/8% Note A-1999	2/15/99	9,719,628	9,716,428	3,200	-0-
9-1/8% Note B-1999	5/15/99	10,047,103	9,178,303	868,800	-0-
8% Note C-1999	8/15/99	10,163,644	10,081,644	82,000	-0-
7-7/8% Note D-1999	11/15/99	10,773,960	10,649,160	124,800	-0-
8-1/2% Note A-2000	2/15/00	10,673,033	10,673,033	-0-	-0-
8-7/8% Note B-2000	5/15/00	10,496,230	10,485,030	11,200	-0-
8-3/4% Note C-2000	8/15/00	11,080,656	11,080,656	-0-	-0-
11-5/8% Bond 2004	11/15/04	8,301,808	3,639,408	4,662,400	38,400
12% Bond 2005	5/15/05	4,280,758	1,786,058	2,494,700	47,000
10-3/4% Bond 2005	8/15/05	9,299,713	8,384,913	884,800	56,000
9-3/8% Bond 2006	2/15/06	4,755,916	4,755,916	-0-	-0-
11-3/4% Bond 2008-14	11/15/14	6,006,584	1,527,984	4,477,600	69,600
11-1/4% Bond 2015	2/15/15	12,667,799	2,372,119	10,295,680	513,440
10-5/8% Bond 2015	8/15/15	7,149,916	2,165,916	4,984,000	303,360
9-7/8% Bond 2015	11/15/15	6,899,659	2,069,459	4,830,400	52,800
9-1/4% Bond 2016	2/15/16	7,266,654	6,111,654	1,155,200	72,800
7-1/4% Bond 2016	5/15/16	18,623,551	17,007,551	1,616,000	65,600
7-1/2% Bond 2016	11/15/16	18,864,448	12,222,528	6,641,920	685,040
8-3/4% Bond 2017	5/15/17	18,194,169	6,394,169	11,800,000	106,720
8-7/8% Bond 2017	8/15/17	14,016,658	8,972,058	5,044,800	240,000
9-1/8% Bond 2018	5/15/18	6,708,639	3,438,239	5,270,400	35,200
9% Bond 2018	11/15/18	9,032,870	1,786,270	7,266,800	132,000
6-7/8% Bond 2019	2/15/19	19,250,793	4,577,193	14,673,600	281,800
8-1/8% Bond 2019	8/15/19	20,213,632	11,091,592	9,122,240	887,680
8-1/2% Bond 2020	2/15/20	10,228,868	4,565,268	5,663,600	470,800
8-3/4% Bond 2020	5/15/20	10,156,883	8,828,483	1,330,400	124,000
8-3/4% Bond 2020	8/15/20	10,459,483	10,459,483	-0-	-0-
Total		451,060,835	341,511,055	109,549,780	4,473,560

¹ Effective May 1, 1987, securities held in stripped form were eligible for reconstitution to their unstripped form.

Note: On the 4th workday of each month a recording of Table VI will be available after 3:00 pm. The telephone number is (202) 447-9873. The balances in this table are subject to audit and subsequent adjustments.

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(In thousands)

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11-1/4% Note B-1995	5/15/95	7,127,066	5,558,766	1,568,320	66,320
0-1/2% Note C-1995	8/15/95	7,955,901	7,291,901	664,000	12,000
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AUCTION RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
September 10, 1990

DEPT. OF THE TREASURY CONTACT: Office of Financing
202/376-4350

RESULTS OF TREASURY'S WEEKLY BILL AUCTIONS

Tenders for \$9,200 million of 13-week bills and for \$9,233 million of 26-week bills, both to be issued on September 13, 1990, were accepted today.

RANGE OF ACCEPTED COMPETITIVE BIDS:	13-week bills			:	26-week bills		
	maturing December 13, 1990			:	maturing March 14, 1991		
	Discount	Investment		:	Discount	Investment	
	Rate	Rate 1/	Price	:	Rate	Rate 1/	Price
Low	7.38%	7.62%	98.135	:	7.33%	7.72%	96.294
High	7.41%	7.66%	98.127	:	7.34%	7.73%	96.289
Average	7.41%	7.66%	98.127	:	7.34%	7.73%	96.289

Tenders at the high discount rate for the 13-week bills were allotted 51%.
Tenders at the high discount rate for the 26-week bills were allotted 46%.

TOTAL TENDERS RECEIVED AND ACCEPTED BY FEDERAL RESERVE DISTRICTS

(In Thousands)

Location	Received	Accepted	:	Received	Accepted
Boston	\$ 39,935	\$ 39,935	:	\$ 28,855	\$ 28,855
New York	25,505,595	7,594,905	:	24,031,730	7,803,165
Philadelphia	27,130	27,130	:	23,560	23,560
Cleveland	48,205	48,205	:	38,760	38,385
Richmond	171,570	54,170	:	43,710	43,710
Atlanta	31,745	31,745	:	35,510	35,510
Chicago	1,854,510	490,910	:	1,881,695	401,695
St. Louis	32,125	14,675	:	27,740	19,740
Minneapolis	21,365	11,365	:	25,495	17,395
Kansas City	41,645	41,645	:	48,300	48,300
Dallas	21,320	21,320	:	23,180	23,180
San Francisco	932,080	78,345	:	902,605	128,105
Treasury	745,730	745,730	:	621,840	621,840
TOTALS	\$29,472,955	\$9,200,080	:	\$27,732,980	\$9,233,440
Type					
Competitive	\$25,473,170	\$5,200,295	:	\$23,096,460	\$4,596,920
Noncompetitive	1,540,195	1,540,195	:	1,322,955	1,322,955
Subtotal, Public	\$27,013,365	\$6,740,490	:	\$24,419,415	\$5,919,875
Federal Reserve	2,278,255	2,278,255	:	2,100,000	2,100,000
Foreign Official Institutions	181,335	181,335	:	1,213,565	1,213,565
TOTALS	\$29,472,955	\$9,200,080	:	\$27,732,980	\$9,233,440

An additional \$71,465 thousand of 13-week bills and an additional \$492,435 thousand of 26-week bills will be issued to foreign official institutions for new cash.

AUCTION RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
September 10, 1990

DEPT. OF THE TREASURY CONTACT: Office of Financing
202/376-4350

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Cleveland	48,205	48,205	:	38,760	38,385
Richmond	171,570	54,170	:	43,710	43,710
Atlanta	31,745	31,745	:	35,510	35,510
Chicago	1,854,510	490,910	:	1,881,695	401,695
St. Louis	32,125	14,675	:	27,740	19,740
Minneapolis	21,365	11,365	:	25,495	17,395
Kansas City	41,645	41,645	:	48,300	48,300
Dallas	21,320	21,320	:	23,180	23,180
San Francisco	932,080	78,345	:	902,605	128,105
Treasury	745,730	745,730	:	621,840	621,840
TOTALS	\$29,472,955	\$9,200,080	:	\$27,732,980	\$9,233,440

Type	Received	Accepted	:	Received	Accepted
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Noncompetitive	1,540,195	1,540,195	:	1,322,955	1,322,955
Subtotal, Public	\$27,013,365	\$6,740,490	:	\$24,419,415	\$5,919,875
Federal Reserve	2,278,255	2,278,255	:	2,100,000	2,100,000
Foreign Official Institutions	181,335	181,335	:	1,213,565	1,213,565
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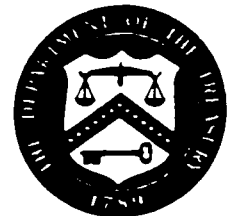
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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

FOR RELEASE AT 4:00 P.M.
September 11, 1990

CONTACT: Office of Financing
202/376-4350

TREASURY'S WEEKLY BILL OFFERING

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills totaling approximately \$18,400 million, to be issued September 20, 1990. This offering will result in a paydown for the Treasury of about \$18,425 million, as the maturing bills total \$36,828 million (including the 111-day cash management bills issued June 1, 1990, in the amount of \$6,008 million, the 44-day cash management bills issued August 7, 1990, in the amount of \$4,030 million, and the 36-day cash management bills issued August 15, 1990, in the amount of \$10,088 million). Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. 20239-1500, prior to 1:00 p.m., Eastern Daylight Saving time, Monday, September 17, 1990. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$9,200 million, representing an additional amount of bills dated December 21, 1989, and to mature December 20, 1990 (CUSIP No. 912794 UT 9), currently outstanding in the amount of \$18,461 million, the additional and original bills to be freely interchangeable.

182-day bills for approximately \$9,200 million, to be dated September 20, 1990, and to mature March 21, 1991 (CUSIP No. 912794 WA 8).

The bills will be issued on a discount basis under competitive and noncompetitive bidding, and at maturity their par amount will be payable without interest. Both series of bills will be issued entirely in book-entry form in a minimum amount of \$10,000 and in any higher \$5,000 multiple, on the records either of the Federal Reserve Banks and Branches, or of the Department of the Treasury.

The bills will be issued for cash and in exchange for Treasury bills maturing September 20, 1990. Tenders from Federal Reserve Banks for their own account and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rates of accepted competitive tenders. Additional amounts of the bills may be issued to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing bills held by them. Federal Reserve Banks currently hold \$3,444 million as agents for foreign and international monetary authorities, and \$4,520 million for their own account. These amounts represent the combined holdings of such accounts for the five issues of maturing bills. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 5176-1 (for 13-week 6-2 (for 26-week series)).

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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

DEPT. OF THE TREASURY

FOR RELEASE AT 4:00 P.M.
September 11, 1990

CONTACT: Office of Financing
202/376-4350

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Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities may submit tenders for account of customers, if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held as of one-half hour prior to the closing time for receipt of tenders on the day of the auction. Such positions would include bills acquired through "when issued" trading, and futures and forward transactions as well as holdings of outstanding bills with the same maturity date as the new offering, e.g., bills with three months to maturity previously offered as six-month bills. Dealers, who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities, when submitting tenders for customers, must submit a separate tender for each customer whose net long position in the bill being offered exceeds \$200 million.

A noncompetitive bidder may not have entered into an agreement, nor make an agreement to purchase or sell or otherwise dispose of any noncompetitive awards of this issue being auctioned prior to the designated closing time for receipt of tenders.

Payment for the full par amount of the bills applied for must accompany all tenders submitted for bills to be maintained on the book-entry records of the Department of the Treasury. A cash adjustment will be made on all accepted tenders for the difference between the par payment submitted and the actual issue price as determined in the auction.

No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

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No deposit need accompany tenders from incorporated banks and trust companies and from responsible and recognized dealers in investment securities for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches.

Public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Competitive bidders will be advised of the acceptance or rejection of their tenders. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and the Secretary's action shall be final. Subject to these reservations, noncompetitive tenders for each issue for \$1,000,000 or less without stated yield from any one bidder will be accepted in full at the weighted average bank discount rate (in two decimals) of accepted competitive bids for the respective issues. The calculation of purchase prices for accepted bids will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final.

Settlement for accepted tenders for bills to be maintained on the book-entry records of Federal Reserve Banks and Branches must be made or completed at the Federal Reserve Bank or Branch on the issue date, in cash or other immediately-available funds or in Treasury bills maturing on that date. Cash adjustments will be made for differences between the par value of the maturing bills accepted in exchange and the issue price of the new bills.

If a bill is purchased at issue, and is held to maturity, the amount of discount is reportable as ordinary income on the Federal income tax return of the owner for the year in which the bill matures. Accrual-basis taxpayers, banks, and other persons designated in section 1281 of the Internal Revenue Code must include in income the portion of the discount for the period during the taxable year such holder held the bill. If the bill is sold or otherwise disposed of before maturity, any gain in excess of the basis is treated as ordinary income.

Department of the Treasury Circulars, Public Debt Series - Nos. 26-76, 27-76, and 2-86, as applicable, Treasury's single bidder guidelines, and this notice prescribe the terms of these Treasury bills and govern the conditions of their issue. Copies of the circulars, guidelines, and tender forms may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt.

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