

101–410, as amended, 28 U.S.C. 2461 note), provides that:

\* \* \* \* \*

(3) A civil penalty not to exceed \$1,075,000 per violation may be imposed by the Secretary of the Treasury on any person who violates any license, order, rule, or regulation issued in compliance with the provisions of the Foreign Narcotics Kingpin Designation Act.

**Note to paragraph (a)(3).** The current \$1,075,000 civil penalty cap may be adjusted for inflation pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990.

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Dated: October 1, 2003.

**R. Richard Newcomb,**

*Director, Office of Foreign Assets Control.*

Approved: October 15, 2003.

**Juan C. Zarate,**

*Deputy Assistant Secretary (Terrorist Financing and Financial Crimes), Department of the Treasury.*

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## DEPARTMENT OF THE TREASURY

### Office of Foreign Assets Control

#### 31 CFR Parts 575

#### Removal of Certain Provisions of the Iraqi Sanctions Regulations; Interpretive Guidance

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Interim final rule.

**SUMMARY:** The Office of Foreign Assets Control (“OFAC”) of the Department of the Treasury is amending the Iraqi Sanctions Regulations to remove provisions that preceded the substantial lifting of economic sanctions in late May 2003. OFAC also is publishing interpretive guidance concerning secondary-market transactions in Iraqi debt.

**DATES:** Effective October 28, 2003. Written comments must be received no later than December 29, 2003.

**ADDRESSES:** Comments may be submitted to the Chief of Records, ATTN: Request for Comments, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Avenue, NW, Washington, DC 20220. Alternatively, comments may be submitted via facsimile to the Chief of Records at 202/622–1657 or via OFAC’s Web site <<http://www.treas.gov/offices/eotffc/ofac/comment.html>>.

**FOR FURTHER INFORMATION CONTACT:** OFAC’s Chief of Licensing, tel. 202/

622–2480, Chief of Policy Planning and Program Management, tel. 202/622–2500, or Chief Counsel, tel. 202/622–2410.

#### SUPPLEMENTARY INFORMATION:

##### Background

On August 2, 1990, the President issued Executive Order 12722, declaring a national emergency with respect to Iraq. This order was issued under the authority of, *inter alia*, 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 U.S. Code and imposed economic sanctions, including a complete trade embargo, with respect to Iraq. In keeping with United Nations Security Council Resolution 661 of August 6, 1990, and under the United Nations Participation Act (22 U.S.C. 287c), the President also issued Executive Order 12724 of August 9, 1990, which imposed additional restrictions. The Iraqi Sanctions Regulations, 31 CFR part 575 (the “Regulations”), implement Executive Orders 12722 and 12724 and are administered by the Treasury Department’s Office of Foreign Assets Control (“OFAC”).

On May 22, 2003, the United Nations Security Council adopted Resolution 1483, which substantially lifted the multilateral economic sanctions with respect to Iraq. On May 23, 2003, OFAC issued a general license that reflected Resolution 1483 by authorizing most transactions that had been prohibited by the Regulations. This general license was published in the **Federal Register** on June 27, 2003, as new section 575.533 of the Regulations (68 FR 38188–38190).

Section 575.533 supercedes prior substantive licensing provisions of the Regulations. OFAC is removing and reserving previous substantive licensing provisions—*i.e.*, sections 575.505, 575.506, 575.507, 575.508, 575.509, 575.510, 575.511, 575.513, 575.514, 575.517, 575.518, 575.519, 575.520, 575.521, 575.522, 575.523, 575.524, 575.525, 575.526, 575.527, 575.528, 575.529, 575.530, 575.531, and 575.532—in an effort to clarify that the operative authorization now appears in section 575.533.

OFAC also is removing certain definitions that are no longer relevant because they pertain to other regulatory provisions that have been removed. The following outdated definitions are being removed: section 575.307 (defining “Government of Kuwait”), section 575.325 (defining “986 Escrow Account” and “United Nations Iraq

Account,” both of which refer to a defunct account), and sections 575.327 and 575.328 (defining “Memorandum of Understanding” and “Guidelines,” both of which refer to outdated procedures for approving certain transactions involving Iraq).

OFAC expects to make other conforming amendments to the Regulations in the near future and welcomes public comments on this endeavor.

OFAC also is publishing interpretive guidance concerning the scope of section 575.533. The new section 575.419 published today describes the circumstances in which U.S. persons may trade in Iraqi commercial or sovereign debt.

#### Request for Comments

Because these regulations involve a foreign affairs function, the provisions of Executive Order 12866 and the Administrative Procedure Act (5 U.S.C. 553) (the “APA”) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. However, because of the importance of the issues addressed in these regulations, they are being issued in interim form and comments will be considered in the development of a final rule. Accordingly, OFAC encourages interested persons who wish to comment to do so at the earliest possible time to permit the fullest consideration of their views. Comments may address the impact of the regulations on the submitter’s activities, whether of a commercial, non-commercial or humanitarian nature, as well as changes that would improve the clarity and organization of the regulations.

The period for submission of comments will close December 29, 2003. The address for submitting comments appears near the beginning of this document. OFAC will consider all comments received before the close of the comment period in developing final regulations. Comments received after the end of the comment period will be considered if possible, but their consideration cannot be assured. OFAC will not accept public comments accompanied by a request that a part or all of the submission be treated confidentially because of its business proprietary nature or for any other reason. OFAC will return such a submission to the originator without considering the comments in the development of final regulations. In the interest of accuracy and completeness, OFAC requires comments in written form.