

DEPARTMENT OF THE TREASURY**Office of Foreign Assets Control****31 CFR Part 575****Authorization for U.S. Financial Institutions To Transfer Certain Claims Against the Government of Iraq**

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 incorporate a general license authorizing U.S. financial institutions to transfer certain claims against the Government of Iraq for unpaid loans and other debts to their home offices or to other foreign offices of the same institution.

DATES: Effective September 30, 2003. Written comments must be received no later than January 23, 2004.

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 section 575.533 of the Regulations (68 FR 38188-38190). Section 575.533 of the Regulations contained four exceptions to the broad lifting of sanctions, including a provision that "[a]ll property and interests in property that were blocked * * * as of the effective date of this section [i.e., May 23, 2003] remain blocked * * *."

On September 30, 2003, OFAC issued another general license that is being published today as new section 575.534 of the Regulations. New section 575.534 provides a limited authorization for U.S. financial institutions to transfer a category of blocked property and interests in property—i.e., their "claims that were booked in the United States as of May 23, 2003, against the Government of Iraq for unpaid loans and other debts"—to their home offices or to other foreign offices of the same institution. This new section authorizes only the transfer of claims under the circumstances described and does not authorize the debiting of any blocked account.

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 January 23, 2004.

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.

All public comments on these regulations will be a matter of public record. Copies of the public record concerning these regulations will be made available not sooner than February 23, 2004 and will be obtainable from OFAC's Web site <<http://www.treas.gov/ofac>>. If that service is unavailable, written requests for copies may be sent to Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Ave., NW., Washington, DC 20220, Attn: Chief, Records Division.

Electronic Availability

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Paperwork Reduction Act

The collections of information related to these regulations can be found in 31 CFR part 501. Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been previously approved by the Office of Management and Budget under control number 1505-0164.

List of Subjects in 31 CFR Part 575

Administrative practice and procedure, Banks, banking, Blocking of assets, Exports, Foreign trade,