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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 560

Iranian Transactions Regulations: Reporting on Foreign Affiliates' Oil-Related Transactions

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendment.

SUMMARY: The Treasury Department is amending the reporting requirement set forth in the Iranian Transactions Regulations on foreign affiliates' oil-related transactions. The amended rule requires a U.S. person to file a transaction report as to each foreign affiliate that engaged in reportable transactions of \$1,000,000 or more during the calendar quarter. Reports are to be filed within 60 days of the end of the quarter.

EFFECTIVE DATE: April 18, 1997.

FOR FURTHER INFORMATION CONTACT: Loren L. Dohm, Chief, Blocked Assets Division (tel.: 202/622-2440), or William B. Hoffman, Chief Counsel (tel.: 202/622-2410), Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

SUPPLEMENTARY INFORMATION:

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Background

The Office of Foreign Assets Control amended the Iranian Transactions Regulations in September 1995 (60 FR 47061, Sept. 11, 1995 — the "Regulations"), in implementation of Executive Order 12957 of March 15, 1995 (60 FR 14615, Mar. 17, 1995), and Executive Order 12959 of May 6, 1995 (60 FR 24757, May 9, 1995). This final rule further amends the Regulations to modify the reporting requirements of § 560.603. That section requires U.S. persons to file reports with respect to foreign affiliates engaging in certain oil-related transactions involving Iran. Section 560.603, as amended, provides a minimum dollar threshold for reportable transactions: A report is required only with respect to any foreign affiliate that engaged in a reportable transaction or transactions totaling \$1,000,000 or more during the calendar quarter. The information required with respect to a foreign affiliate's relationship to the reporting person is modified, and the term *reportable transaction* is also modified. Reports are now due 60 days, rather than 15 days, after the end of each calendar quarter.

Since the Regulations involve a foreign affairs function, Executive Order 12866 and 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. 601-612) does not apply.

List of Subjects in 31 CFR Part 560

Administrative practice and procedure, Agricultural commodities, Banks, banking, Exports, Foreign trade, Imports, Information, Investments, Iran, Loans, Penalties, Reporting and recordkeeping requirements, Services, Specially designated nationals, Terrorism, Transportation.

For the reasons set forth in the preamble, 31 CFR part 560 is amended as follows:

PART 560—IRANIAN TRANSACTIONS REGULATIONS

1. The authority section is revised to read as follows:

Authority: 3 U.S.C. 301; 22 U.S.C. 2349aa; 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 104-132, 110 Stat. 1214, 1254 (18 U.S.C. 2332d); Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12613, 52 FR 41940, 3 CFR, 1987 Comp., p. 256; E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR, 1995 Comp., p. 356.

Subpart F—Reports

2. Section 560.603 is revised to read as follows:

§ 560.603 Reports on oil transactions engaged in by foreign affiliates.

(a) *Requirement for reports.* A report must be filed with the Office of Foreign Assets Control with respect to each foreign affiliate of a United States person that engaged in a reportable transaction, as defined in paragraph (b), during the calendar quarter. Reports are due within 60 days after the end of each calendar quarter.

(b) *Definitions.* For purposes of this section:

(1) The term *reportable transaction* means a transaction of the following type:

(i) Any purchase, sale, or swap of Iranian-origin crude oil, natural gas, or petrochemicals;

(ii) The sale of services (including insurance or financing) or goods (including oilfield supplies or equipment) to the Government of Iran or an entity in Iran for use in the exploration, development, production, processing, pumping, lifting,

transporting, or refining of crude oil, natural gas, or petrochemicals. For these purposes, the term petrochemicals means first-stage materials produced directly from a petroleum-based or a natural gas-based feedstock.

(iii) For purposes of paragraph (b)(1)(i) of this section, a purchase, sale or swap is deemed to have occurred as of the date of the bill of lading used in connection with such transaction. For purposes of paragraph (b)(1)(ii) of this section, the sale of services is deemed to have occurred as of the date of loan or commitment, in the case of financial or insurance services, or the date on which services are invoiced, in other cases. The sale of goods is deemed to have occurred as of the date of shipment to Iran.

(2) The term *foreign affiliate* means a person or entity other than a United States person (see § 560.314) which is organized or located outside the United States and which is owned or controlled by a United States person or persons.

(c) *Who must report.* A United States person must file a report with respect to each foreign affiliate owned or controlled by it which engaged in a reportable transaction or transactions during the prior calendar quarter. For the calendar quarter beginning October 1, 1996, and all subsequent quarters, a United States person must file a report only as to each foreign affiliate owned

or controlled by it which engaged in a reportable transaction or transactions totaling \$1,000,000 or more during the prior calendar quarter. A single United States entity within a consolidated or affiliated group may be designated to report on each foreign affiliate of the United States members of the group. Such centralized reporting may be done by the United States person who owns or controls, or has been delegated authority to file on behalf of, the remaining United States persons in the group.

(d) *What must be reported.* (1) Part I of the report must provide the name, address, and principal place of business of the United States person; its place of incorporation or organization if an entity; and the name, title, and telephone number of the individual to contact concerning the report.

(2) Part II of the report must provide, with respect to the foreign affiliate, its name and address; the type entity, *e.g.*, corporation, partnership, limited liability company; the country of its incorporation or organization; and its principal place of business.

(3) Part III of the report must include the following information with respect to each reportable transaction (a separate Part III must be submitted for each reportable transaction):

(i) The nature of the transaction, *e.g.*, purchase, sale, swap.

(ii) A description of the product, technology, or service involved;

(iii) The name of the Iranian or third-country party or parties involved in the transaction;

(iv) The currency and amount of the transaction, and corresponding United States dollar value of the transaction if not denominated in United States dollars.

(e) *Where to report.* Reports must be filed with the Compliance Programs Division, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Avenue, NW—Annex, Washington, DC 20220. Reports may be submitted by facsimile transmission at 202/622-1657. A copy must be retained for the reporter's records.

(f) *Whom to contact.* Blocked Assets Division, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Avenue, NW—Annex, Washington, DC 20220; telephone: 202/622-2440.

Dated: April 4, 1997.

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

Approved: April 11, 1997.

James E. Johnson,
Assistant Secretary (Enforcement).

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