EBS/86/9

CONFIDENTIAL

January 16, 1986

To: Members of the Executive Board

From: The Secretary

Subject: Communication from the United States

The Managing Director is hereby circulating to the Executive Board the following communication received from the Executive Director for the United States:

Notification of Restrictions Under Executive Board Decision No. 144-(52/51)

Under the Fund's Executive Board Decision No. 144-(52/51), members imposing restrictions on payments and transfers solely related to the preservation of national or international security are required to notify the Fund of such restrictions.

The United States Government has requested me to advise the Fund that the U.S. Department of the Treasury has issued the following: 1) the Libyan Sanctions Regulations of January 10, 1986, implementing Executive Order 12543 of January 7, 1986, which, among other things, prohibits the grant or extension of credits or loans by any United States person to the Government of Libya, its instrumentalities and controlled entities; and 2) the Libyan Sanctions Regulations (filed with the Federal Register on January 15, 1986) implementing Executive Order 12544 of January 8, 1986, which blocks all property and interests in property of the Government of Libya, its agencies, instrumentalities and controlled entities and the Central Bank of Libya 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 overseas branches of U.S. persons. The Executive Orders invoking these measures became effective January 7 and 8, 1986, respectively, and were imposed for the purposes set forth in Executive Board Decision No. 144-(52/51).

Copies of the Department of the Treasury's regulations and the Executive Orders declaring a national emergency and ordering the actions taken are attached.

Attachments

Federal Register
Vol. 51, No. 6
Thursday, January 9, 1986

Presidential Documents

Title 3—

The President

Executive Order 12543 of January 7, 1986

Prohibiting Trade and Certain Transactions Involving Libya

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.*), sections 504 and 505 of the International Security and Development Cooperation Act of 1985 (Public Law 99–83), section 1114 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1514), and section 301 of title 3 of the United States Code,

I, RONALD REAGAN, President of the United States of America, find that the policies and actions of the Government of Libya 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. 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 Libyan origin, other than publications and materials imported for news publications or news broadcast dissemination;

(b) The export to Libya of any goods, technology (including technical data or other information) or services from the United States, except publications 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 Libya; the provision of transportation to or from the United States by any Libyan person or any vessel or aircraft of Libyan registration; or 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 Libya;

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

(f) The grant or extension of credits or loans by any United States person to the Government of Libya, 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 Libya, or to activities by any such person within Libya, after the date of this Order, other than transactions necessary to effect such person's departure from Libya, to perform acts permitted until February 1, 1986, by Section 3 of this Order, 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.

Sec. 2. In light of the prohibition in Section 1(a) of this Order, section 251 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1881), and section 126 of the Trade Act of 1974, as amended (19 U.S.C. 2136) will have no effect with respect to Libya.

Sec. 3. This Order is effective immediately, except that the prohibitions set forth in Section 1 (a), (b), (c), (d) and (e) shall apply as of 12:01 a.m. Eastern Standard Time, February 1, 1986.

Sec. 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 Libya, its instrumentalities and controlled entities, or to any Libyan national or entity owned or controlled, directly or indirectly, by Libya or Libyan 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.**

Ronald Reagan

THE WHITE HOUSE,
January 7, 1986.

[FR Doc 86-634
Filed 1-8-86, 10 16 am]
Billing code 3195-01-M

Editorial note: For the text of the President's message to Congress of Jan. 7, 1986, on EO 12543, see the *Weekly Compilation of Presidential Documents* (Vol. 22, No. 2).

Federal Register

Friday
January 10, 1986

Part V

Department of the Treasury

Office of Foreign Assets Control

31 CFR Part 550
Libyan Sanctions Regulations; Final Rule

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 550

Libyan Sanctions Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: On January 7, 1986, the President issued Executive Order 12543 declaring a national emergency with respect to Libya, invoking the authority, *inter alia*, of the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), ordering specified sanctions against Libya, and authorizing the Secretary of the Treasury, in consultation with the Secretary of State, to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out the purposes of this Order. In implementation of that Order, the Treasury Department is issuing the Libyan Sanctions Regulations. These Regulations generally prohibit: (a) Imports into the United States of goods or services of Libyan origin; (b) exports to Libya from the United States of goods, technology or services; (c) transactions by a U.S. person relating to transportation to or from Libya; transportation services to or from the United States by Libyan persons, vessels, or aircraft; or 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 Libya; (d) purchase by any U.S. person of goods for export from Libya to any country; (e) performance by U.S. persons of contracts in support of projects in Libya; (f) credits or loans by U.S. persons to the Government of Libya; and (g) transactions by U.S. persons relating to travel by U.S. citizens and permanent resident aliens to Libya or their activities within Libya.

EFFECTIVE DATE: January 7, 1986, except the prohibitions set forth in §§ 550.201, 550.202, 550.203, 550.204, and 550.205 are effective as of 12:01 a.m. Eastern Standard Time, February 1, 1986. The prohibitions set forth in §§ 550.206 and 550.207 are effective as of 8:06 p.m. Eastern Standard Time, January 7, 1986.

FOR FURTHER INFORMATION CONTACT: Dennis M. O'Connell, Director, Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220, Tel. (202) 376-0395.

SUPPLEMENTARY INFORMATION: 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. The information collection requests contained in this document 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.* Notice of OMB action on these requests will be published in the Federal Register.

List of Subjects in 31 CFR Part 550

Libya, Imports, Exports, Loans, Penalties, Reporting and recordkeeping requirements.

Accordingly, 31 CFR is amended by adding Part 550 to read as follows:

PART 550—LIBYAN SANCTIONS REGULATIONS

Authority: 50 U.S.C. 1701 et seq.; E.O. 12543 of January 7, 1986.

Subpart A—Relation of this Part to Other Laws and Regulations

§ 550.101 Relation of this part to other laws and regulations.

(a) This part is independent of Parts 500, 505, 515, 520, 535, 540, and 545 of this chapter. Those parts do not relate to Libya. No license or authorization contained in or issued pursuant to those other parts authorizes any transaction

prohibited by this part. In addition, licenses or authorizations contained in or issued pursuant to any other provision of law or regulations do not authorize 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. In particular, no license or authorization contained in or issued pursuant to this part authorizes the importation of petroleum products which would be banned by Presidential Proclamation 5141 of December 22, 1983 or Executive Order 12538 of November 15, 1985.

Subpart B—Prohibitions

§ 550.201 Prohibited imports of goods or services from Libya.

Except as authorized, no goods or services of Libyan origin, other than publications and materials imported for news publication or news broadcast dissemination, may be imported into the United States.

§ 550.202 Prohibited exports of goods, technology or services to Libya.

Except as authorized, no goods, technology (including technical data or other information) or services may be exported to Libya from the United States, except publications and donated articles intended to relieve human suffering, such as food, clothing, medicine and medical supplies intended strictly for medical purposes.

§ 550.203 Prohibited transportation-related transactions.

Except as authorized, the following are prohibited:

(a) Any transaction by a United States person relating to transportation to or from Libya;

(b) The provision of transportation to or from the United States by any Libyan person or any vessel or aircraft of Libyan 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 Libya.

§ 550.204 Prohibited purchases of goods from Libya.

Except as authorized, no U.S. person may purchase goods for export from Libya to any other country.

§ 550.205 Prohibited engagement in contracts.

Except as authorized, no U.S. person may perform any contract in support of an industrial or other commercial or governmental project in Libya.

§ 550.206 Prohibited grants or extensions of credits or loans.

Except as authorized, no U.S. person may grant or extend credits or loans to the Government of Libya.

§ 550.207 Prohibited transactions relating to travel to Libya or to activities within Libya.

Except as authorized, no U.S. person may engage in any transaction relating to travel by any U.S. citizen or permanent resident alien to Libya, or to activities by any U.S. citizen or permanent resident alien within Libya, after the effective date, other than transactions:

(a) Necessary to effect the departure of a U.S. citizen or permanent resident alien from Libya;

(b) Relating to travel to, from, or within Libya prior to February 1, 1986 to perform acts prohibited by §§ 550.201, 550.202, 550.203, 550.204, or 550.205 after that date; 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 own travel or living expenses to or within Libya.

§ 550.208 Evasions.

Any transaction for the purpose of, or which has the effect of, evading or avoiding any of the prohibitions set forth in this subpart is hereby prohibited.

§ 550.209 Effect of transfers violating the provisions of this part.

Any transfer of property or transaction in violation of this part is null and void.

Subpart C—Definitions

§ 550.301 Effective date.

The "effective date" means 12:01 a.m. Eastern Standard Time, February 1, 1986, with respect to the transactions prohibited by §§ 550.201, 550.202, 550.203, 550.204, and 550.205; and 8:06 p.m. Eastern Standard Time, January 7, 1986, with respect to transactions prohibited by §§ 550.206 and 550.207.

§ 550.302 Libya; Libyan.

The term "Libya" means the country of Libya and any Libyan territory, dependency, colony, protectorate, mandate, dominion, possession, or place subject to the jurisdiction thereof. The term "Libyan" means pertaining to Libya as defined in this section.

§ 550.303 Libyan origin.

The term "goods or services of Libyan origin" includes:

(a) Goods produced, manufactured, grown, or processed within Libya;

(b) Goods which have entered into Libyan commerce;

(c) Services performed in Libya or by a Libyan national who is acting as an agent, employee, or contractor of the Government of Libya, or of a business entity located in Libya. Services of Libyan origin are not imported into the United States when such services are provided in the United States by a Libyan national who, during indefinite residency in the United States, works as, for example, a teacher, athlete, restaurant or domestic worker, or a person employed in any other regular occupation.

§ 550.304 Government of Libya.

(a) The "Government of Libya" includes:

(1) The state and the Government of Libya as well as any political subdivision, agency, or instrumentality thereof;

(2) Any partnership, association, corporation, or other organization substantially owned or controlled by the foregoing;

(3) 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;

(4) Any other person or organization determined by the Secretary of the Treasury to be included within paragraph (a) hereof.

(b) A person specified in paragraph (a)(2) of this section shall not be deemed to fall within the definition of Government of Libya solely by reason of being located in, organized under the laws of, or having its principal place of business in, Libya.

§ 550.305 Libyan person.

The term "Libyan person" means any Libyan citizen, any juridical person organized under the laws of Libya, or any juridical person owned or controlled, directly or indirectly, by a Libyan citizen or the Government of Libya.

§ 550.306 Person.

The term "person" means an individual, partnership, association, corporation, or other organization.

§ 550.307 United States.

The term "United States" means the United States and all areas under the jurisdiction or authority thereof.

§ 550.308 United States person.

The term "United States person" or, as abbreviated, "U.S. 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.

§ 550.309 License.

Except as otherwise specified, the term "license" shall mean any license or authorization contained in or issued pursuant to this part.

§ 550.310 General license.

A general license is any license or authorization the terms of which are set forth in this part.

§ 550.311 Specific license.

A specific license is any license or authorization issued purusant to this part but not set forth in this part.

§ 550.312 Credits or loans.

The term "credits" or "loans" means any transfer or extension of funds or credit on the basis of an obligation to repay, or any assumption or guarantee of the obligation of another to repay an extension of funds or credit. The term "credits" or "loans" includes, but is not limited to: overdrafts; currency swaps; purchases of debt securities issued by the Government of Libya after January 7, 1986; purchases of a loan made by another person; sales of financial assets subject to an agreement to repurchase; renewals or refinancings whereby funds or credits are transferred to or extended to the Government of Libya; and draw-downs on existing lines of credit.

Subpart D—Interpretations

§ 550.401 Reference to amended sections.

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 unless otherwise so specified.

§ 550.402 Effect of amendment of sections of this part or of other orders, etc.

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 Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act shall not, unless otherwise specifically provided, be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case prior to such amendment, modification, or revocation, and 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.

§ 550.403 Extensions of credits or loans to Libya.

(a) The prohibition in § 550.205 applies to the unlicensed renewal of credits or loans in existence on the effective date.

(b) The prohibition in § 550.205 applies to credits or loans extended in any currency.

§ 550.404 Import and export of goods in transit before the effective date.

(a) Section 550.201 does not apply to goods:

(1) If imported by vessel, where the vessel arrives within the limits of a port in the United States prior to the effective date with the intent to unlade such goods: or

(2) If imported other than by vessel, where the goods arrive within the Customs territory of the United States before the effective date.

(b) Section 550.202 does not apply to goods:

(1) If exported by vessel or airline, where the goods are laden on board before the effective date: or

(2) If exported other than by vessel or airplane, where the goods have left the United States before the effective date.

(c) Payments relating to goods described in paragraphs (a) and (b) of this section are authorized, even when such related payments occur after the effective date.

§ 550.405 Payments in connection with certain authorized transactions.

Payments are authorized in connection with transactions authorized under subpart E.

§ 550.406 Offshore transactions.

(a) The prohibitions contained in § 550.201 do not apply to the importation into locations outside the United States of goods or services of Libyan origin.

(b) The prohibitions contained in § 550.202 do not apply to the export of goods to or destined for Libya from locations outside the United States. Such exports, however, may require authorization from the Department of Commerce under the Export Administration Regulations, 15 CFR Parts 370–399.

§ 550.407 Transshipment through the United States prohibited.

(a) The prohibitions in § 550.202 apply to the import into the United States, for transshipment or transit, of goods which are intended or destined for Libya.

(b) The prohibitions in § 550.201 apply to the import into the United States, for transshipment or transit, of goods of Libyan origin which are intended or destined for third countries.

§ 550.408 Imports from third countries; transshipments.

(a) Imports into the United States from third countries of goods containing raw materials or components of Libyan origin are not prohibited if those raw materials or components have been incorporated into manufactured products or otherwise substantially transformed in a third country.

(b) Imports into the United States of goods of Libyan origin which have been transshipped through a third country without being incorporated into manufactured products or otherwise substantially transformed in a third country are prohibited.

§ 550.409 Exports to third countries; transshipments.

(a) Exports from the United States to third countries of goods to be incorporated into products for re-export to Libya are not prohibited where the exporter has reasonable cause to believe

(1) That the goods will be incorporated into manufactured products or otherwise substantially transformed before shipment to Libya, or

(2) That the goods will come to rest in a third country for purposes other than reshipment to Libya, *e.g.*, for purposes of restocking the inventory of a distributer.

(b) Exports from the United States to third countries are prohibited where the exporter has reason to believe that the goods will be transshipped to Libya without being incorporated into manufactured products or otherwise

substantially transformed in a third country.

§ 550.410 Release from bonded warehouse or foreign trade zone.

Section 550.201 does not prohibit the release from a bonded warehouse or a foreign trade zone of goods of Libyan origin imported into a bonded warehouse or a foreign trade zone prior to the effective date.

§ 550.411 Publications.

For purposes of this part, publications include books, newspapers, magazines, films, phonograph records, tape recordings, photographs, microfilm, microfiche, and posters, including items described in the following:

(a) 15 CFR 399.1, Control List, Group 5, CL No. 7599I: microfilm that reproduces the content of certain publications, and similar materials.

(b) 15 CFR 399.1, Control List, Group 9, CL No. 7999I: certain publications and related materials.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

§ 550.501 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 Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act, shall be deemed to authorize or validate any transaction effected prior to the issuance of the license, unless such license or other authorization specifically so provides.

(b) No regulation, ruling, instruction, or license authorizes a transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Treasury Department and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transactions prohibited by any provision of Parts 500, 505, 515, 520, 535, 540, or 545 of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction, or license authorizing a transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions 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.

§ 550.502 Exclusion from licenses and authorizations.

The Secretary of the Treasury reserves the right to exclude any person or property from the operation of any license or to restrict the applicability thereof to any person or property. Such action shall be binding upon all persons receiving actual or constructive notice thereof.

§ 550.503 Imports pursuant to Executive Order 12538.

Petroleum products loaded aboard maritime vessels at any time prior to November 17, 1985 may be imported into the United States if such importation would be permitted pursuant to Executive Order 12538 of November 15, 1985 (50 FR 47527).

§ 550.504 Certain exports authorized.

All transactions ordinarily incident to the exportation of any item, commodity, or product from the United States to or destined for Libya are authorized if such exports are authorized under one or more of the following regulations administered by the Department of Commerce:

(a) 15 CFR 371.8, General license BAGGAGE: accompanied and unaccompanied baggage;

(b) 15 CFR 371.13, General license GUS: shipments to personnel and agencies of the U.S. Government;

(c) 15 CFR 371.18, General license GIFT: shipments of gift parcels;

(d) 15 CFR 379.3, General license GTDA: technical data available to all destinations.

§ 550.505 Certain imports for diplomatic or official personnel authorized.

All transactions ordinarily incident to the importation of any goods or services into the United States from Libya are authorized if such imports are destined for official or personal use by personnel employed by Libyan missions to international organizations located in the United States, and such imports are not for resale.

§ 550.506 Certain services relating to participation in various events authorized.

The importation of services of Libyan origin into the United States is authorized where a Libyan national enters the United States on a visa issued by the State Department for the purpose of participating in a public conference, performance, exhibition or similar event.

§ 550.507 Import of publications authorized.

The importation into the United States is authorized of all Libyan publications as defined in § 550.411.

§ 550.508 Import of certain gifts authorized.

The importation into the United States is authorized for goods of Libyan origin sent as gifts to persons in the United States where the value of the gift is not more than $100.

§ 550.509 Import of accompanied baggage authorized.

Persons entering the United States directly or indirectly from Libya are authorized to import into the United States personal accompanied baggage normally incident to travel.

§ 550.510 Telecommunications and mail transactions authorized.

All transactions of common carriers incident to the receipt or transmission of telecommunications and mail between the United States and Libya are authorized.

Subpart F—Reports

§ 550.601 Required records.

Every person engaging in any transaction subject to this part shall keep a full and accurate record of each transaction in which he engages, including any transaction effected pursuant to license or otherwise, and such records shall be available for examination for at least two years after the date of such transaction.

§ 550.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, at any time as may be required, complete information relative to any transaction subject to this part, regardless of whether such transaction is effected pursuant to license or otherwise. Such reports may be required to include the production of any books of account, contracts, letters, and other papers connected with any transaction in the custody or control of the persons required to make such reports. Reports with respect to transactions are completed. The Secretary of the Treasury 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.

Subpart G—Penalties

§ 550.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency

Economic Powers Act, 50 U.S.C. 1705, which provides in part:

A civil penalty of not to exceed $10,000 may be imposed on any person who violates any license, order, or regulation issued under this title.

Whoever willfully violates any license, order, or regulation issued under this title shall, upon conviction, be fined not more than $50,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

This section of the International Emergency Economic Powers Act is applicable to violations of any provision of this part and to violations 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.

(b) Attention is also 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.

§ 550.702 Detention of shipments.

Import shipments into the United States of goods of Libyan origin in violation of § 550.201 and export shipments from the United States of goods destined for Libya in violation of § 550.202 shall be detained. No such import or export shall be permitted to proceed, except as specifically authorized by the Secretary of the Treasury. Such shipments shall be subject to licensing, penalties or forfeiture action, under the Customs laws or other applicable provision of law, depending on the circumstances.

Subpart H—Procedures

§ 550.801 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 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.

(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. The specific licensing activities of the Office of Foreign Assets Control are performed by its Washington office and by the Foreign Assets Control Division of the Federal Reserve Bank of New York.

(2) *Applications for specific licenses.* Applications for specific licenses to engage in any transaction prohibited under this part are to be filed in duplicate with the Federal Reserve Bank of New York, Foreign Assets Control Division, 33 Liberty Street, New York, NY 10045. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing such transaction, and there is no requirement that any other person having an interest in such transaction shall or should join in making or filing such application.

(3) *Information to be supplied.* The applicant must supply all information specified by the respective forms and instructions. Such documents as may be relevant shall be attached to each 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. Failure to furnish necessary information will not be excused because of any provision of Libyan law. 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 of 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 by the Federal Reserve Bank of New York, acting in accordance with such regulations, rulings, and instructions as the Secretary of the Treasury or the Office of Foreign Assets Control may from time to time prescribe, or licenses may be issued by the Secretary of the Treasury acting directly or through a designated person, agency, or instrumentality.

§550.802 Decisions.

The Office of Foreign Assets Control or the Federal Reserve Bank of New York will advise each applicant of the decision respecting filed applications. The decision of the Office of Foreign Assets Control with respect to an application shall constitute a final agency action.

§ 550.803. Amendment, modification, or revocation.

The provisions of this part and any rulings, licenses, authorizations, instructions, orders or forms issued hereunder may be amended, modified, or revoked at any time.

§ 550.804 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. Except to the extent that there is involved any military, naval, or foreign affairs function of the United States or any matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts, and except when interpretive rules, general statements of policy, or rules of agency organization, practice, or procedure are involved, or when notice and public procedure are impracticable, unnecessary, or contrary to the public interest, interested persons will be afforded an opportunity to participate in rulemaking through the submission of written data, views, or arguments, with oral presentation at the discretion of the Director. In general, rulemaking by the Office of Foreign Assets Control involves foreign affairs functions of the

United States. Wherever possible, however, it is the practice to hold informal consultations with interested groups or persons 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 revocation of any rule.

§ 550.805 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 12543 may be taken by the Director of the Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

§ 550.806 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 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 this part may be obtained in person from or by writing to the Office of Foreign Assets Control, Treasury Department, Washington, D.C. 20220, or the Foreign Assets Control Division, Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045.

§ 550.807 Customs procedures: merchandise specified in § 550.201.

(a) With respect to merchandise specified in § 550.201, appropriate Customs officers shall not accept or allow any:

(1) Entry for consumption or warehousing (including any appraisement entry, any entry of goods imported in the mails, regardless of value, and any informal entry);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Entry for immediate transportation;

(5) Withdrawal from warehouse;

(6) Entry, transfer or withdrawal from a foreign trade zone; or

(7) Manipulation or manufacture in a warehouse or in a foreign trade zone, unless:

(i) The merchandise was imported prior to 12:01 a.m., Eastern Standard Time, February 1, 1986, or

(ii) A specific license pursuant to this part is presented, or

(iii) Instructions from the Office of Foreign Assets Control, either directly or through the Federal Reserve Bank of New York, authorizing the transactions are received.

(b) Whenever a specific license is presented to an appropriate Customs officer in accordance with this section, one additional legible copy of the entry, withdrawal or other appropriate document with respect to the merchandise involved shall be filed with the appropriate Customs officers at the port where the transaction is to take place. Each copy of any such entry, withdrawal or other appropriate document, including the additional copy, shall bear plainly on its face the number of the license pursuant to which it is filed. The original copy of the specific license shall be presented to the appropriate Customs officers in respect of each such transactions and shall bear a notation in ink by the licensee or person presenting the license showing the description, quantity and value of the merchandise to be entered, withdrawn or otherwise dealt with. This notation shall be so placed and so written that there will exist no possibility of confusing it with anything placed on the license at the time of its issuance. If the license in fact authorizes the entry, withdrawal or other transactions with regard to the merchandise, the appropriate Customs officer, or other authorized Customs employee, shall verify the notation by signing or initialing it after first assuring himself that it accurately describes the merchandise it purports to represent. The license shall thereafter be returned to the person presenting it and the additional copy of the entry, withdrawal or other appropriate document shall be forwarded by the appropriate Customs officer to the Office of Foreign Assets Control.

(c) If it is unclear whether an entry, withdrawal or other action affected by this section requires a specific Foreign Assets Control license, the appropriate Customs officer shall withhold action thereon and shall advise such person to communicate directly with the Federal Reserve Bank of New York, Foreign Assets Control Division, 33 Liberty Street, New York, New York 10045 to request that instructions be sent to the Customs officer to authorize him to take action with regard thereto.

Subpart I—Miscellaneous [Reserved]

Dated: January 8, 1986.

Dennis M. O'Connell,

Director, Office of Foreign Assets Control.

Approved: January 8, 1986.

Francis A. Keating II,

Assistant Secretary (Enforcement & Operations).

[FR Doc. 86-703 Filed 1-8-86; 4:13 pm]

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Federal Register
Vol. 51, No. 7
Friday, January 10, 1986

Presidential Documents

Title 3—

The President

Executive Order 12544 of January 8, 1986

Blocking Libyan Government Property in the United States or Held by U.S. Persons

By the authority vested in me as President by the Constitution and laws of the United States, 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, in order to take steps with respect to Libya additional to those set forth in Executive Order No. 12543 of January 7, 1986, to deal with the threat to the national security and foreign policy of the United States referred to in that Order,

I, RONALD REAGAN, President of the United States, hereby order blocked all property and interests in property of the Government of Libya, its agencies, instrumentalities and controlled entities and the Central Bank of Libya 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 overseas branches of U.S. persons.

The Secretary of the Treasury, in consultation with the Secretary of State, is authorized to employ all powers granted to me by the International Emergency Economics Power Act, 50 U.S.C. 1701 *et seq.*, 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**.

Ronald Reagan

THE WHITE HOUSE,
January 8, 1986.

[FR Doc. 86-728
Filed 1-8-86, 5:00 pm]
Billing code 3195-01-M

JN ADVANCE OF PRINTED COPY

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 C.F.R. Part 550

Libyan Sanctions Regulations

AGENCY: Office of Foreign Assets Control, Department of the Treasury

ACTION: Final Rule

SUMMARY: On January 8, 1986, the President issued Executive Order 12544, invoking the authority, inter alia, of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), in order to take steps with respect to Libya additional to those set forth in Executive Order 12543 of January 7, 1986, (51 FR 875, January 9, 1986) which declared a national emergency with respect to Libya. In implementation of Executive Order 12544 (51 FR 1235, January 10, 1986), the Treasury Department is amending the *Libyan Sanctions Regulations* (51 FR 1354, January 10, 1986) to block all property and interests in property of the Government of Libya, its agencies, instrumentalities and controlled entities, including the Central Bank of Libya, 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.

EFFECTIVE DATE: 4:10 p.m. Eastern Standard Time, January 8, 1986, except the prohibitions set forth in Sections 550.201, 550.202, 550.203, 550.204, and 550.205 are effective as of 12:01 a.m. Eastern Standard Time, February 1, 1986, and the prohibitions set forth in Sections 550.206 and 550.207 are effective as of 8:06 p.m. Eastern Standard Time, January 7, 1986.

FOR FURTHER INFORMATION: Contact Dennis M. O'Connell, Director, Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220, Tel. (202) 376-0395.

SUPPLEMENTARY INFORMATION: 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. The information collection requests contained in this document 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. Notice of OMB action on these requests will be published in the Federal Register.

List of subjects in 31 C.F.R Part 550: Libya, Blocking of Assets, Imports, Exports, Loans, Penalties, Reporting and Recordkeeping Requirements.

PART 550--LIBYAN SANCTIONS REGULATIONS

31 C.F.R Chapter V, Part 550, is amended as set forth below:

1. The "Authority" citation for Part 550 is revised to read as follows:

Authority: 50 U.S.C. 1701 et seq.; E.O. 12543, 51 F.R. 875, January 9, 1986; E.O. 12544, 51 F.R. 1235, January 10, 1986.

2. The table of contents of Part 550 is amended by revising the entry for Section 550.209 and by adding an entry for Section 550.210 to Subpart B; by adding Sections 550.313 through 550.320 to Subpart C; by adding Sections 550.412 through 550.421 to Subpart D; and by adding Sections 550.511 through 550.516 and 550.568 to Subpart E as follows:

* * * * *

Subpart B -- Prohibitions

* * * * *

Section 550.209 Prohibited transactions involving property in which the Government of Libya has an interest; transactions with respect to securities.

Section 550.210 Effect of transfers violating the provisions of this part.

Subpart C -- General Definitions

* * * * *

Section 550.313 Transfer.

Section 550.314 Property; property interests.

Section 550.315 Interest.

Section 550.316 Blocked account; blocked property.

Section 550.317 Domestic bank.

Section 550.318 Entity.

Section 550.319 Entity of the Government of Libya; Libyan entity.

Section 550.320 Banking institution.

Subpart D -- Interpretations

* * * * *

Section 550.412 Termination and acquisition of an interest of the Government of Libya.

Section 550.413 Payments to Libya prohibited.

Section 550.414 Exports of Libyan-titled goods.

Section 550.415 Advance payments.

Section 550.416 Imports of Libyan goods and purchases of goods from Libya.

Section 550.417 Letters of credit.

Section 550.418 Payments from blocked accounts for U.S. exporters and other obligations prohibited.

Section 550.419 Acquisition of instruments, including bankers' acceptances.

Section 550.420 Indirect payments to the Government of Libya.

Section 550.421 Setoffs prohibited.

Subpart E -- Licenses, Authorizations, and Statements of Licensing Policy

* * * * *

Section 550.511 Payments to blocked accounts in domestic banks.

Section 550.512 Payment of certain checks and drafts and documentary letters of credit.

Section 550.513 Completion of certain securities transactions.

Section 550.514 Transfers between accounts located in the United States for credit to Government of Libya.

Section 550.515 Payment by the Government of Libya of obligations to persons within the United States.

Section 550.516 Unblocking of foreign currency deposits held by U.S. persons overseas.

Section 550.568 Certain standby letters of credit and performance bonds.

Subpart B -- Prohibitions

3. Section 550.209 is revised to read as follows:

Section 550.209 Prohibited transactions involving property in which the Government of Libya 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 Libya 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 authorized by a license expressly referring to this section, the acquisition, transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of the Government of Libya is prohibited irrespective of the fact that at any time (either prior to, on, or subsequent to 4:10 p.m. E.S.T., January 8, 1986) the registered or inscribed owner thereof may have, or appears to have, assigned, transferred or otherwise disposed of any such security.

4. New Section 550.210 is added to read as follows:

Section 550.210 Effect of transfers violating the provisions of this part.

(a) Any transfer after 4:10 p.m. E.S.T., January 8, 1986, which is in violation of any provision of this part or of any regulation, ruling, instruction, license, or other direction or authorization thereunder and involves any property in which the Government of Libya 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 4:10 p.m. E.S.T., January 8, 1986, 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 Libya has or has had an interest since such date, unless the person with whom such property is held or maintained had written notice of the transfer or by any written evidence had recognized such transfer prior to such date.

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Secretary of the Treasury before, during or

after a transfer shall validate such transfer or render it enforceable to the same extent as it would be valid or enforceable but for the provisions of the International Emergency Economic Powers 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 pursuant to such provisions, 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 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 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 thereunder, or (ii) such transfer was not licensed or authorized by the Secretary of the Treasury, or (iii) if a license did purport to cover the transfer, such license had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained; the person with whom such property was held or maintained filed with the Treasury Department, Washington, D.C., a report in triplicate 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 to be compliance or evidence of compliance with paragraphs (d)(1) and (2) of this section.

(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 4:10 p.m. E.S.T., January 8, 1986, there existed an interest of the Government of Libya.

Subpart C -- General Definitions

5. Section 550.301 is revised to read as follows:

Section 550.301 Effective date.

The "effective date" means:

(a) 12:01 a.m. Eastern Standard Time (E.S.T.), February 1, 1986, with respect to the transactions prohibited by Sections 550.201, 550.202, 550.203, 550.204, and 550.205;

(b) 8:06 p.m. Eastern Standard Time (E.S.T.), January 7, 1986, with respect to transactions prohibited by Sections 550.206 and 550.207; and

(c) 4:10 p.m. Eastern Standard Time (E.S.T.), January 8, 1986, with respect to transactions prohibited by Section 550.209.

6. Section 550.304 is revised to read as follows:

Section 550.304 Government of Libya.

(a) The "Government of Libya" includes:

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

(2) Any partnership, association, corporation, or other organization substantially owned or controlled by the foregoing;

(3) 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.

7. New Section 550.313 is added to read as follows:

Section 550.313 Transfer.

The term "transfer" shall mean 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, 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, or the exercise of any power of appointment, power of attorney, or other power.

8. New Section 550.314 is added to read as follows:

Section 550.314 Property; property interests.

The terms "property" and "property interest" or "property interests" shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness, obligations, notes, debentures, stocks, bonds, coupons, any other financial securities, bankers' acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust 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, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, 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, 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.

9. New Section 550.315 is added to read as follows:

Section 550.315 Interest.

Except as otherwise provided in this part, the term "interest" when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

10. New Section 550.316 is added to read as follows:

Section 550.316 Blocked account; blocked property.

The terms "blocked account" and "blocked property" shall mean any account or property in which the Government of Libya has an interest, with respect to which payments, transfers or withdrawals or other dealings may not be made or effected except pursuant to an authorization or license authorizing such action.

11. New Section 550.317 is added to read as follows:

Section 550.317 Domestic bank.

(a) The term "domestic bank" shall mean any branch or office within the United States of any of the following which is not a Libyan entity: any bank or trust company incorporated under the banking laws of the United States or of any state, territory, or

district of the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States or of any state, territory or district of the United States. The Secretary of the Treasury may also authorize any other banking institution to be treated as a "domestic bank" for the purpose of this definition or for the purpose of any or all sections of this part.

(b) The term "domestic bank" includes any branch or office within the United States of a foreign bank that is not a Libyan entity.

12. New Section 550.318 is added to read as follows:

Section 550.318 Entity.

The term "entity" includes a corporation, partnership, association, or other organization.

13. New Section 550.319 is added to read as follows:

Section 550.319 Entity of the Government of Libya; Libyan entity.

The terms "entity of the Government of Libya" and "Libyan entity" include:

(a) Any corporation, partnership, association, or other entity in which the Government of Libya owns a majority or controlling interest, any entity substantially managed or funded by that government, and any entity which is otherwise controlled by that government;

(b) Any agency or instrumentality of the Government of Libya, including the Central Bank of Libya.

14. New Section 550.320 is added to read as follows:

Section 550.320 Banking institution.

The term "banking institution" shall include any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of its business, or any broker; and each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate "banking institution."

Subpart D -- Interpretations

Section 550.404 [Amended].

15. Section 550.404 is amended by removing paragraph (c).

16. New Section 550.412 is added to read as follows:

Section 550.412 Termination and acquisition of an interest of the Government of Libya.

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from the Government of Libya, such property shall no longer be deemed to be property in which the Government of Libya 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 to the Government of Libya, such property shall be deemed to be property in which there exists an interest of the Government of Libya.

17. New Section 550.413 is added to read as follows:

Section 550.413 Payments to Libya prohibited.

The prohibition of transfers of property or interests in property to the Government of Libya in Section 550.209 applies to payments and transfers of any kind whatsoever, including payment of debt obligations, fees, taxes, and royalties owed to the Goverment of Libya, and also including payment or transfer of dividend checks, interest payments, and other periodic payments. Such payments may be made into blocked accounts as provided in section 550.511.

18. New Section 550.414 is added to read as follows:

Section 550.414 Exports of Libyan-titled goods.

(a) The prohibitions contained in section 550.209 shall apply to any goods in the possession or control of a U.S. person if the Government of Libya had title to such property as of 4:10 p.m. E.S.T., on January 8, 1986, or acquired title after such time.

(b) Section 550.209 does not prohibit the export to Libya of the goods described in paragraph (a) of this section if such export is either not prohibited by section 550.202 or permitted by an authorization or license issued pursuant to this part.

(c) If the goods described in paragraph (a) of this section are not exported as described in paragraph (b) of this section,

the property shall remain blocked and no change in title or other transaction regarding such property is permitted, except pursuant to an authorization or license issued pursuant to this part.

19. New Section 550.415 is added to read as follows:

Section 550.415 Advance payments.

The prohibitions contained in section 550.209 do not apply to goods manufactured, consigned, or destined for export to Libya, if the Government of Libya did not have title to such goods on or at any time after 4:10 p.m. E.S.T., January 8, 1986. However, if such goods are not exported to Libya prior to 12:01 p.m. E.S.T. February 1, 1986, then any advance payment received in connection with such property is subject to the prohibitions contained in section 550.209.

20. New Section 550.416 is added to read as follows:

Section 550.416 Imports of Libyan goods and purchases of goods from Libya.

The prohibitions contained in section 550.209 shall not apply to the goods described in sections 550.201 and 550.204 if the importation or purchase of such goods is either not prohibited by sections 550.201 and 550.204 or permitted by an authorization or license issued pursuant to this part. However, any payments in

connection with such imports or purchases are subject to the prohibitions contained in section 550.209.

21. New Section 550.417 is added to read as follows:

Section 550.417 Letters of credit.

(a) Q. Prior to 4:10 p.m. E.S.T., January 8, 1986, a bank that is a U.S. person has issued or confirmed a documentary letter of credit for the Government of Libya as account party in favor of a U.S. person. The bank does not hold funds for the Government of Libya out of which it could reimburse itself for payment under the letter of credit. The U.S. person presents documentary drafts for exports to Libya made after 4:10 p.m. E.S.T., January 8, 1986. May the bank pay the U.S. exporter against the drafts?

A. No. Such a payment is prohibited by sections 550.206 and 550.209, as an extension of credit to the Government of Libya and a transfer of property in which there is an interest of the Government of Libya.

(b) Q. On the same facts as in paragraph (a), the bank holds deposits for the Government of Libya. May it pay on the letter of credit and debit the blocked funds for reimbursement?

A. No. A debit to a blocked account is prohibited by section 550.209 except as licensed.

(c) Q. On the same facts as in paragraph (a), the Government of Libya, after 4:10 p.m. E.S.T., January 8, 1986, transfers funds to the bank to collateralize the letter of credit for purposes of honoring the obligation to the U.S. exporter. Is the transfer authorized and may the bank pay against the drafts?

A. Yes. In accordance with section 550.515, the transfer by the Government of Libya to the bank is licensed. The funds are not blocked and the bank is authorized to pay under the letter of credit and reimburse itself from the funds.

(d) Q. Prior to 4:10 p.m. E.S.T., January 8, 1986, a foreign bank confirms a documentary letter of credit issued by its U.S. agency or branch for a non-Libyan account party in favor of a Libyan entity. Can the U.S. agency or branch of the foreign bank transfer funds to that foreign bank in connection with that foreign bank's payment under the letter of credit?

A. No, the payment of the U.S. agency or branch is blocked, unless the foreign bank made payment to the Libyan entity prior to 4:10 p.m. E.S.T., January 8, 1986.

22. New Section 550.418 is added to read as follows:

Section 550.418 Payments from blocked accounts for U.S. exporters and 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 12:01 a.m. E.S.T., February 1, 1986, except as authorized pursuant to this part.

23. New Section 550.419 is added to read as follows:

Section 550.419 Acquisition of instruments, including bankers' acceptances.

Section 550.209 prohibits the acquisition by any U.S. person of any obligation, including bankers' acceptances, in which the documents evidencing the obligation indicate, or the U.S. person has actual knowledge, that the transaction being financed covers property in which, on or after 4:10 p.m. E.S.T., January 8, 1986, the Government of Libya has an interest of any nature whatsoever.

24. New Section 550.420 is added to read as follows:

Section 550.420 Indirect payments to the Government of Libya.

The prohibition in Section 550.209 on payments or transfers to the Government of Libya applies to indirect payments

(including reimbursement of a non-U.S. person for payment, as, for example, on a guarantee) made after 4:10 p.m. E.S.T., January 8, 1986.

25. New Section 550.421 is added to read as follows:

Section 550.421 Setoffs prohibited.

A setoff against a blocked account, whether by a bank or other U.S. person, is a prohibited transfer under section 550.209 if effected after 4:10 p.m. E.S.T., January 8, 1986.

Subpart E -- Licenses, authorizations, and statements of licensing policy.

26. New Section 550.511 is added to read as follows:

Section 550.511 Payments to blocked accounts in domestic banks.

(a) Any payment or transfer of credit, including any payment or transfer by any U.S. person outside the United States, to a blocked account in a domestic bank in the name of the Government of Libya is hereby authorized, 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 Libya to any other country or person.

(b) This section does not authorize any transfer from a blocked account within the United States to an account held by any bank outside the United States. This section only authorizes payment into a blocked account held by a domestic bank as defined in section 550.317.

(c) This section does not authorize:

(1) Any payment or transfer to any blocked account held in a name other than that of the Government of Libya where such government is the ultimate beneficiary of such payment or transfer; or

(2) Any foreign exchange transaction in the United States including, but not by way of limitation, any transfer of credit, or payment of an obligation, expressed in terms of the currency of any foreign country.

(d) 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.

(e) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, or the income derived from such securities

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 were held.

(f) This section does not authorize any payment or transfer from a blocked account in a domestic bank 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.

(g) The authorization in paragraph (a) of this section is subject to the condition that written notification from the domestic bank receiving an authorized payment or transfer is furnished by the transferor to the Office of Foreign Assets Control confirming that the payment or transfer has been deposited in a blocked account under the regulations in this part and providing the account number, the name and address of the Libyan entity in whose name the account is held, and the name and address of the domestic bank.

(h) This section authorizes transfer of a blocked demand deposit account to a blocked interest-bearing account in the name of the same person at the instruction of the depositor at any time. If such transfer is to a blocked account in a different domestic bank, such bank must furnish notification as described in paragraph (g) of this section.

27. New Section 550.512 is added to read as follows:

Section 550.512 Payment of certain checks and drafts and documentary letters of credit.

(a) A bank which is a U.S. person is hereby authorized to make payments from blocked accounts within such bank of checks and drafts drawn or issued prior to 4:10 p.m. E.S.T., January 8, 1986, provided that:

(1) The amount involved in any one payment, acceptance, or debit does not exceed $5000; or

(2) The check or draft was in process of collection by a bank which is a U.S. person on or prior to such date and does not exceed $50,000; or

(3) The check or draft is in payment for goods furnished or services rendered by a non-Libyan entity prior to 4:10 p.m. E.S.T., January 8, 1986.

(4) The authorization contained in paragraph (a) shall expire at 12:01 a.m., February 17, 1986.

(b) Payments are authorized from blocked accounts of documentary drafts drawn under irrevocable letters of credit

issued or confirmed in favor of a non-Libyan entity by a bank which is a U.S. person prior to 4:10 p.m. E.S.T., January 8, 1986, provided that (1) the goods that are the subject of the payment under the letter of credit have been exported prior to 4:10 p.m. E.S.T., January 8, 1986; and (2) payment under the letter of credit is made by 12:01 a.m. E.S.T., February 17, 1986.

(c) Paragraphs (a) and (b) do not authorize any payment to a Libyan entity except payments into a blocked account in a domestic bank in accordance with Section 550.511.

28. New Section 550.513 is added to read as follows:

Section 550.513 Completion of certain securities transactions.

(a) Banking institutions within the United States are hereby authorized to complete, on or before January 21, 1986, purchases and sales made prior to 4:10 p.m., E.S.T., January 8, 1986, of securities purchased or sold for the account of the Government of Libya provided the following terms and conditions are complied with, respectively:

(1) The proceeds of such sale are credited to a blocked account in a banking institution within the United States in the name of the person for whose account the sale was made; and

(2) The securities so purchased are held in a blocked account in a banking institution within the United States in the name of the person for whose account the purchase was made.

(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, 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 were held.

29. New Section 550.514 is added to read as follows:

Section 550.514 Transfers between accounts located in the United States for credit to Government of Libya.

Transfers are authorized by order of a foreign bank which is not a Libyan entity from its account in a domestic bank (directly or through a foreign branch or subsidiary of a domestic bank) to an account held by a domestic bank (directly or through a foreign branch or subsidiary) for a second foreign bank which is not a Libyan entity and which in turn credits an account held by it abroad for the Government of Libya. For purposes of this section, "foreign bank" includes a foreign subsidiary, but not a foreign branch, of a domestic bank.

30. New Section 550.515 is added to read as follows:

Section 550.515 Payment by the Government of Libya of obligations to persons within the United States.

(a) The transfer of funds after 4:10 p.m. E.S.T., January 8, 1986, by, through, or to any banking institution or other person within the United States solely for purposes of payment of obligations owed by the Government of Libya to persons within the United States is authorized, provided that there is 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 anyone, provided that any such payment to the Government of Libya must be to a blocked account in a domestic bank.

31. New Section 550.516 is added to read as follows:

Section 550.516 Unblocking of foreign currency deposits held by U.S. persons overseas.

Deposits in currencies other than U.S. dollars held abroad by U.S. persons are unblocked, provided, however, that conversions of blocked dollar deposits into foreign currencies are not authorized.

32. New Section 550.568 is added to read as follows:

Section 550.568 Certain standby letters of credit and performance bonds.

(a) Notwithstanding any other provision of law, payment into a blocked account in a domestic bank by an issuing or confirming bank under a standby letter of credit in favor of a Libyan entity is prohibited by Section 550.209 and not authorized, notwithstanding the provisions of Section 550.511, if either (1) a specific license has been issued pursuant to the provisions of paragraph (b) of this section or (2) ten business days have not expired after notice to the account party pursuant to paragraph (b) of this section.

(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 Libyan entity 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) 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 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 domestic bank 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 the Libyan entity 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 of the instruments covered by this section if the instruments and payments thereunder are subsequently unblocked.

(g) 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 with the Government of Libya, or any similar obligation in the nature of a performance bond; and (2) the term "account party" shall mean the person for whose account the standby letter of credit is opened.

(h) The regulations do not authorize any U.S. person to reimburse a non-U.S. bank for payment to the Government of Libya under a standby letter of credit, except by payments into a blocked account in accordance with section 550.511 or paragraph (b) or (c) of this section.

(i) A person receiving a specific license under paragraph (b) or (c) of this section shall certify to the Office of Foreign Assets Control within five business days after receipt of that license that it has established the blocked account on its books as provided for 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.

(j) The extension or renewal of a standby letter of credit is authorized.

Subpart F -- Reports

Section 550.602 [Amended]

33. Section 550.602 is amended to insert after the word "transactions" in the third sentence of that section the following phrase: "may be required either before or after such transactions".

Dated: Jan 14, 1986

Dennis M. O'Connell

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Approved: January 14, 1986

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