

be made to a blocked account in a U.S. financial institution located in the United States, and the transferee financial institution must furnish within 10 business days of the date of transfer, the notification described in paragraph (h) of this section to the Office of Foreign Assets Control, Blocked Assets Section.

(c) This section does not authorize any transfer from a blocked account within the United States to an account held outside the United States.

(d) This section does not authorize any payment or transfer to any blocked account held in a name other than that of the Government of Iraq where such government is the ultimate beneficiary of such payment or transfer.

(e) 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.

(f) This section does not authorize the crediting of the proceeds of the sale of securities or other assets, held in a blocked account or a sub-account thereof, or the income derived from such securities or assets, to a blocked account or sub-account, under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such securities or assets were or are held.

(g) This section does not authorize any payment or transfer from a blocked account in a U.S. financial institution to a blocked account held under any name or designation which differs from the name or designation of the specified blocked account or sub-account from which the payment or transfer is made.

NOTE TO § 575.503: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers.

[56 FR 2113, Jan. 18, 1991, as amended at 56 FR 5636, Feb. 11, 1991; 58 FR 47646, Sept. 10, 1993; 62 FR 45109, Aug. 25, 1997]

§§ 575.504–575.532 [Reserved]

§ 575.533 Certain new transactions.

(a) *New transactions.* Except as provided in paragraph (b) of this section,

on or after May 23, 2003 and prior to July 30, 2004, all transactions that are otherwise prohibited by subpart B of this part are authorized.

NOTE TO § 575.533(a): This authorization does not eliminate the need to comply with Executive Order 13315, “Blocking Property of the Former Iraqi Regime, Its Senior Officials and Their Family Members, and Taking Certain Other Actions,” or other provisions of 31 CFR chapter V, or with other applicable provisions of law, including any aviation, financial, or trade requirements of agencies other than the Department of the Treasury’s Office of Foreign Assets Control. Such requirements include the Export Administration Regulations (15 CFR parts 730 through 799) administered by the Bureau of Industry and Security, Department of Commerce, and the International Traffic in Arms Regulations (22 CFR parts 120 through 130) administered by the Department of State.

(b) *Continued blocking, special provisions for certain exports and reexports, and additional conditions.* (1) All property and interests in property that were blocked as of May 23, 2003, pursuant to Executive Orders 12722 or 12724, or subpart B of this part, remain blocked and subject to the prohibitions and requirements of this part.

(2)(i) Any specific license issued by the Treasury Department before July 30, 2004, for the exportation from the United States, or, if subject to U.S. jurisdiction, the exportation or reexportation from a third country to Iraq of any items (including technical data or other information) controlled by the Department of Commerce under the Export Administration Regulations (15 CFR parts 730 through 799) for exportation to Iraq shall expire on the date set forth in that license, or, if no expiration date is provided in that license, on July 30, 2005.

NOTE TO § 575.533(b)(2)(i): Effective July 30, 2004, with the termination of the national emergency declared in Executive Order 12722 and the revocation of that Executive order, OFAC’s authority to license exports and reexports to Iraq ceases, and the licensing jurisdiction for exports and reexports to Iraq will be transferred back to the Department of Commerce. All OFAC license applications pending but not acted upon before July 30, 2004, will be returned to applicants and applicants will be required to resubmit them to the Department of Commerce using the appropriate Department of Commerce forms.

Moreover, as July 30, 2004, OFAC will not accept any applications for licenses for exports or reexports to Iraq. On or after July 30, 2004, all inquiries and applications regarding such exports or reexports are to be made to the Exporter Services Office, Bureau of Industry and Security, Department of Commerce (telephone: 202-482-4811).

(ii) Persons issued a specific license by the Treasury Department before July 30, 2004, for the exportation from the United States, or if subject to U.S. jurisdiction, the exportation or re-exportation from a third country to Iraq, of any items (including technical data or other information) controlled by the Department of Commerce under the Export Administration Regulations (15 CFR parts 730 through 799) must maintain such records as are required by 15 CFR part 746 of the Export Administration Regulations.

NOTE TO §575.533(b)(2)(ii): Pursuant to an amendment to the Export Administration Regulations (15 CFR parts 730 through 799), effective July 30, 2004, further authorization by the Department of Commerce will not be required for exports or reexports licensed by the Department of the Treasury until the Treasury Department license expires by its own terms, or, if no expiration date is provided in the license, until July 30, 2005. Those holding specific licenses issued by the Treasury Department for exports or reexports to Iraq must comply with the record-keeping requirements found in 15 CFR 746.3 of the Export Administration Regulations.

(iii) Items licensed by the Treasury Department for exportation or reexportation to Iraq may not be transferred within Iraq to a new end-user without further authorization from the Bureau of Industry and Security, Department of Commerce. Reexportation of items originally authorized pursuant to a specific license issued by the Treasury Department must conform to the relevant provision of the Export Administration Regulations (15 CFR parts 730 through 799) based on the items being reexported and the country to which they are being reexported.

NOTE TO §575.533(b)(2)(iii): Pursuant to an amendment to the Export Administration Regulations (15 CFR parts 730 through 799), effective July 30, 2004, further authorization by the Department of Commerce will be required for exports or reexports licensed by the Department of the Treasury prior to the transfer of such items within Iraq to a new end-user. The amendment also requires that

any reexportation of items pursuant to a specific license issued by the Treasury Department must conform to the relevant provision of the Export Administration Regulations (15 CFR parts 730 through 799) based on the country to which the items are being re-exported.

NOTE TO §575.533(b)(2): The term “controlled by the Department of Commerce” means subject to a license requirement under the Department of Commerce’s Export Administration Regulations (EAR). Items subject to a license requirement under the EAR include items on the Commerce Control List that require a license for exportation or reexportation to Iraq pursuant to 15 CFR part 742 or 15 CFR 746.3, as well as items and activities that require a license under the end-use and end-user provisions of 15 CFR part 744. To inquire whether particular items are controlled by the Department of Commerce under the Export Administration Regulations for exportation to Iraq, the exporter or reexporter should contact the Department of Commerce, Bureau of Industry and Security.

(3) This section does not authorize any transactions with persons listed in appendix A to chapter V of title 31, Code of Federal Regulations, except for those organizations listed in paragraph (b)(4) of this section.

(4) Notwithstanding paragraph (b)(3) of this section, and except as provided in paragraphs (b)(1), (2) and (5), on or after May 23, 2003, all transactions that are otherwise prohibited by subpart B of this part are authorized for the following Iraqi state bodies, corporations or agencies that are listed in Appendix A to chapter V, title 31, Code of Federal Regulations, but that are now operating under the authority of the coalition, an interim or transitional Iraqi government, or a subsequent permanent Iraqi government:

Agricultural Cooperative Bank
Al-Rafidain Shipping Company
Industrial Bank of Iraq
Iraq Reinsurance Company
Iraqi Airways
Iraqi-Jordan Land Transport Company
Iraqi State Enterprise for Maritime Transport
Rafidain Bank
Rasheed Bank
Real Estate Bank

NOTE TO §575.533(b)(4): Numerous other Iraqi state bodies, corporations, or agencies are not listed in Appendix A to chapter V, 31 CFR. This section permits transactions with such entities on or after May 23, 2003. But for the operation of this paragraph (b)(4), these

§ 575.534

entities would be blocked under subpart B because they meet the definition of 'Government of Iraq' in 31 CFR 575.306 or 'entity of the Government of Iraq' in 31 CFR 575.304, whether or not they appeared in appendix A to chapter V, 31 CFR.

(5) This section does not authorize any transactions with respect to Iraqi cultural property or other items of archaeological, historical, cultural, rare scientific, and religious importance illegally removed from the Iraq National Museum, the National Library, and other locations in Iraq since August 6, 1990. Any trade in or transfer of such items, including items with respect to which reasonable suspicion exists that they have been illegally removed.

NOTE TO § 575.533(b)(5): Questions concerning whether particular Iraqi cultural property or other items are subject to this paragraph should be directed to the Cultural Property Office, U.S. Department of State, tel. 202-619-6612, fax 202-260-4893, Web site <http://www.exchanges.state.gov/culprop>, e-mail culprop@pd.state.gov.

(c) *Effective date.* Paragraphs (a), (b)(1), (b)(3), (b)(4) and (b)(5) of this section are effective May 23, 2003. Paragraph (b)(2) of this section is effective July 30, 2004.

[69 FR 46092, July 30, 2004]

§ 575.534 Transfers of certain blocked claims by U.S. financial institutions.

U.S. financial institutions are authorized to transfer 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 section authorizes only the transfer of claims and does not authorize the debiting of any blocked account

[68 FR 65845, Nov. 24, 2003]

§ 575.535 Iraqi debt unblocked.

(a) Except as provided in paragraph (b) of this section, all transactions otherwise prohibited by this part that involve debts in which the Government of Iraq has an interest are authorized.

(b) For purposes of this part:

(1) This section does not authorize transactions that remain prohibited under the terms of paragraphs (b)(3) and (b)(5) of § 575.533 of this part.

31 CFR Ch. V (7-1-10 Edition)

(2) This section does not authorize the purchase, exchange or settlement of debt in which the Government of Iraq has an interest utilizing funds or other property that is blocked pursuant to this part.

[70 FR 54259, Sept. 14, 2005]

Subpart F—Reports

§ 575.601 Records and reports.

For provisions relating to records and reports, see subpart C of part 501 of this chapter.

[62 FR 45109, Aug. 25, 1997]

Subpart G—Penalties

§ 575.701 Penalties.

(a) Section 586E of the Iraq Sanctions Act of 1990 (Public Law 101-513, 104 Stat. 2049; 50 U.S.C. 1701 note), as adjusted pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, as amended, 28 U.S.C. 2461 note), provides that, notwithstanding section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) and section 5(b) of the United Nations Participation Act of 1945 (22 U.S.C. 287c(b)):

(1) A civil penalty of not to exceed \$325,000 per violation may be imposed on any person who, after the enactment of this Act, violates or evades or attempts to violate or evade Executive Order Number 12722, 12723, 12724, or 12725, or any license, order, or regulation issued under any such Executive Order;

NOTE TO PARAGRAPH (a)(1). The current \$325,000 civil penalty cap may be adjusted for inflation pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990.

(2) Whoever after the date of enactment of this Act willfully violates or evades or attempts to violate or evade Executive Order Number 12722, 12723, 12724, or 12725 or any license, order, or regulation issued under any such Executive Order—

(i) Shall, upon conviction, be fined not more than \$1,000,000 if a person other than a natural person; or

(ii) If a natural person, shall, upon conviction, be fined not more than