

| Section | Removed | Added |
|--------------------------------|---------------------------|----------------------|
| 15.1(c) | Part 15a | Subpart B. |
| 15.16, introductory text | 15a.1 through 15a.6 | 15.11 through 15.16. |
| 15.17 (twice) | 15a.1 through 15a.8 | 15.11 through 15.18. |
| 15.24(b) | 15b | 15.25. |

8. A new subpart D is added to part 15 to read as follows:

Subpart D—Statement of Policy and Procedures Regarding Indemnification of Department of Commerce Employees

Sec.

15.31 Policy.

15.32 Procedures for the handling of lawsuits against Department employees arising within the scope of their office or employment.

Subpart D—Statement of Policy and Procedures Regarding Indemnification of Department of Commerce Employees

§ 15.31 Policy.

(a) The Department of Commerce may indemnify a present or former Department employee who is personally named as a defendant in any civil suit in state or federal court, or other legal proceeding seeking damages against a present or former Department employee personally, for any verdict, judgment or other monetary award which is rendered against such employee, provided that the conduct giving rise to the verdict, judgment or award was taken within the scope of his/her employment and that such indemnification is in the interest of the Department as determined by the Secretary or his/her designee.

(b) The Department may settle or compromise a personal damage claim against a present or former employee by the payment of available funds at any time provided the alleged conduct giving rise to the personal property claim was taken within the employee's scope of employment and such settlement is in the interest of the Department as determined by the Secretary or his/her designee.

(c) Absent exceptional circumstances, as determined by the Secretary or his/her designee, the Department will not consider a request either to indemnify or to settle a personal damage claim before entry of an adverse verdict, judgment or award.

(d) Any payment under this section either to indemnify a present or former Department employee or to settle a personal damage claim shall be contingent upon the availability of appropriated funds of the Department of Commerce.

§ 15.32 Procedures for the handling of lawsuits against Department employees arising within the scope of their office or employment.

The following procedures shall be followed in the event that a civil action or proceeding is brought, in any court, against a present or former employee of the Department (or against his/her estate) for personal injury, loss of property or death, resulting from the Department employee's activities while acting within the scope of his/her office or employment:

(a) After being served with process or pleadings in such an action or proceeding, the employee (or the executor(rix) or administrator(rix)) of the estate shall within five (5) calendar days of receipt, deliver all such process and pleadings or an attested true copy thereof, together with a fully detailed report of the circumstances of the incident giving rise to the court action or proceeding to the General Counsel. Where appropriate, the General Counsel, or his/her designee, may request that the Department of Justice provide legal representation for the present or former Department employee.

(b)(1) Only if a present or former employee of the Department has satisfied the requirements of paragraph (a) of this section in a timely fashion, may the employee subsequently request indemnification to satisfy a verdict, judgment, or award entered against that employee.

(2) No request for indemnification will be considered unless the employee has submitted a written request, with appropriate documentation, including copies of the verdict, judgment, appeal bond, award, or settlement proposal through the employee's supervisory chain to the head of the employee's component. The written request will include an explanation by the employee of how the employee was working within the scope of employment and whether the employee has insurance or any other source of indemnification.

(3) The head of the component or his/her designee will forward the employee's request with a recommendation to the General Counsel for review. The request for indemnification shall include a detailed analysis of the basis for the recommendation. The head of the component will also certify to the

General Counsel that the component has funds available to pay the indemnification.

(c) The General Counsel or his/her designee will review the circumstances of the incident giving rise to the action or proceeding, and all data bearing upon the question of whether the employee was acting within the scope of his/her employment. Where appropriate, the agency shall seek the views of the Department of Justice and/or the U.S. Attorney for the district embracing the place where the action or proceeding is brought.

(d) The General Counsel shall forward the request, the accompanying documentation, and the General Counsel's recommendation to the Secretary or his/her designee for decision.

Alden F. Abbott,

Assistant General Counsel for Finance and Litigation.

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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 560

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

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendment.

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

EFFECTIVE DATE: April 18, 1997.

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

Control, Department of the Treasury, Washington, DC 20220.

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Background

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

affiliate's relationship to the reporting person is modified, and the term *reportable transaction* is also modified. Reports are now due 60 days, rather than 15 days, after the end of each calendar quarter.

Since the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

List of Subjects in 31 CFR Part 560

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

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

PART 560—IRANIAN TRANSACTIONS REGULATIONS

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

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

Subpart F—Reports

2. Section 560.603 is revised to read as follows:

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

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

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

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

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

(ii) The sale of services (including insurance or financing) or goods (including oilfield supplies or equipment) to the Government of Iran or an entity in Iran for use in the exploration, development, production, processing, pumping, lifting, transporting, or refining of crude oil, natural gas, or petrochemicals. For these purposes, the term petrochemicals means first-stage materials produced directly from a petroleum-based or a natural gas-based feedstock.

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

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

(c) *Who must report.* A United States person must file a report with respect to each foreign affiliate owned or controlled by it which engaged in a reportable transaction or transactions during the prior calendar quarter. For the calendar quarter beginning October 1, 1996, and all subsequent quarters, a United States person must file a report only as to each foreign affiliate owned or controlled by it which engaged in a reportable transaction or transactions totaling \$1,000,000 or more during the prior calendar quarter. A single United States entity within a consolidated or affiliated group may be designated to report on each foreign affiliate of the United States members of the group. Such centralized reporting may be done by the United States person who owns or controls, or has been delegated authority to file on behalf of, the remaining United States persons in the group.

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

(2) Part II of the report must provide, with respect to the foreign affiliate, its name and address; the type entity, e.g., corporation, partnership, limited

liability company; the country of its incorporation or organization; and its principal place of business.

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

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

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

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

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

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

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

Dated: April 4, 1997.

R. Richard Newcomb,

Director, Office of Foreign Assets Control.

Approved: April 11, 1997.

James E. Johnson,

Assistant Secretary (Enforcement).

[FR Doc. 97-10444 Filed 4-18-97; 10:06 am]

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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 585 and Chapter V

Federal Republic of Yugoslavia (Serbia & Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations: Resolution of Claims Regarding Blocked Yugoslav Vessels and Removal of Names from Appendix C to 31 CFR Chapter V

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendment.

SUMMARY: The Office of Foreign Assets Control is amending the Federal Republic of Yugoslavia (Serbia & Montenegro) and Bosnian Serb-

Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations to authorize all transactions on and after May 19, 1997 with respect to the following five blocked vessels: the M/V MOSLAVINA, M/V ZETA, M/V LOVCEN, M/V DURMITOR and M/V BAR (a.k.a. M/V INVIKEN). These vessels are simultaneously being removed from the list of blocked vessels contained in appendix C to 31 CFR chapter V. U.S. persons are generally licensed to seek and obtain judicial warrants of maritime arrest against these vessels. Such warrants may be served during the ten days prior to the vessels' unblocking if outstanding claims have not been settled with the vessels' owners or agents.

EFFECTIVE DATE: The amendment to 31 CFR part 585 is effective April 18, 1997; the amendment to appendix C to 31 CFR chapter V is effective May 19, 1997.

FOR FURTHER INFORMATION CONTACT: John T. Roth, Chief, Policy Planning and Program Management Division (tel.: 202/622-2500), or William B. Hoffman, Chief Counsel (tel.: 202/622-2410), Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

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using a fax machine, fax modem, or (within the United States) a touch-tone telephone.

Background

On November 22, 1995, the United Nations Security Council passed Resolution 1022 ("Resolution 1022"), immediately and indefinitely suspending economic sanctions against the Federal Republic of Yugoslavia (Serbia & Montenegro) (the "FRY (S&M)"). Those sanctions were subsequently terminated by United Nations Security Council Resolution 1074 of October 1, 1996. This termination, however, did not end the requirement of Resolution 1022 that blocked funds and assets that are subject to claims and encumbrances, or that are the property of persons deemed insolvent, remain blocked until "released in accordance with applicable law." This requirement was implemented in the United States on December 27, 1995, by Presidential Determination No. 96-7. The Office of Foreign Assets Control is amending the Federal Republic of Yugoslavia (Serbia & Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, 31 CFR part 585 (the "Regulations"), by adding new § 585.528, authorizing transactions with respect to the following vessels currently blocked pursuant to the Regulations, effective May 19, 1997: the M/V MOSLAVINA, M/V ZETA, M/V LOVCEN, M/V DURMITOR and M/V BAR (a.k.a. M/V INVIKEN). Appendix C to 31 CFR chapter V, containing the names of vessels blocked pursuant to the various economic sanctions programs administered by the Office of Foreign Assets Control (see 61 FR 32936, June 26, 1996), is also being amended to remove these vessels from the list on May 19, 1997.

During the 30-day period, U.S. persons may negotiate settlements of their outstanding claims with respect to the vessels with the vessels' owners or agents, and are generally licensed to seek and obtain judicial warrants of maritime arrest against the vessels. If claims remain unresolved by 10:00 a.m. local time in the location of the vessel, May 8, 1997, U.S. persons are generally licensed to effect service of such warrants through the U.S. Marshal's Office in the district where the vessel is located during the ten-day period prior to the vessel's unblocking.

Because the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed