

most recently by the Notice of August 15, 2007 (72 FR 46137, August 16, 2007), has continued the EAR in effect under the International Emergency Economic Powers Act. BIS continues to carry out the provisions of the Act, as appropriate and to the extent permitted by law, pursuant to Executive Order 13222.

**Rulemaking**

1. This final rule has been determined to be not significant for purposes of Executive Order 12866.

2. Notwithstanding any other provision of law, no person is required to respond to nor be subject to a penalty for failure to comply with a collection of information, subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number. This regulation involves collections previously approved by the OMB under control number 0694-0088, "Multi-Purpose Application", which carries a burden hour estimate of 58 minutes to prepare and submit form BIS-748; and for recordkeeping, reporting and review requirements in connection with Authorization Validated End-User, which carries an estimated burden of 30 minutes per submission. This rule is expected to result in a decrease in

license applications submitted to BIS. Total burden hours associated with the Paperwork Reduction Act and Office and Management and Budget control number 0694-0088 are not expected to increase significantly as a result of this rule.

3. This rule does not contain policies with Federalism implications as that term is defined under Executive Order 13132.

4. The provisions of the Administrative Procedure Act requiring notice of proposed rulemaking, the opportunity for public participation, and a delay in effective date, are inapplicable because this regulation involves a military and foreign affairs function of the United States (5 U.S.C. 553(a)(1)). Further, no other law requires that a notice of proposed rulemaking and an opportunity for public comment be given for this final rule. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule under the Administrative Procedure Act or by any other law, the analytical requirements of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) are not applicable. Therefore, this regulation is issued in final form. Although there is no formal comment period, public comments on this regulation are welcome on a continuing basis. Comments should be

submitted to Sheila Quarterman, Regulatory Policy Division, Bureau of Industry and Security, Department of Commerce, P.O. Box 273, Washington, DC 20044.

**List of Subjects**

15 CFR Part 748

Administrative practice and procedure, Exports, Reporting and recordkeeping requirements.

■ Accordingly, part 748 of the Export Administration Regulations (15 CFR parts 730-799) is amended as follows:

**PART 748—[AMENDED]**

■ 1. The authority citation for 15 CFR part 748 continues to read as follows:

**Authority:** 50 U.S.C. app. 2401 *et seq.*; 50 U.S.C. 1701 *et seq.*; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783; Notice of August 3, 2006, 71 FR 44551 (August 7, 2006); Notice of August 15, 2007, 72 FR 46137 (August 16, 2007).

■ 2. Supplement No. 7 to part 748 is amended to correct the entry for National Semiconductor Corporation to read as follows:

**Supplement No. 7 to Part 748—Authorization Validated End-User (VEU): List of Validated End-Users, Respective Items Eligible for Export, Reexport and Transfer, and Eligible Destinations**

Validated end-user	Eligible items (by ECCN)	Eligible destination
* * * * *	* * * * *	* * * * *
National Semiconductor Corporation .....	3A001.a.5.a.1; 3A001.a.5.a.2; 3A001.a.5.a.3; 3A001.a.5.a.4; 3A001.a.5.a.5; 3A001.a.5.b.	National Semiconductor Hong Kong Limited, Beijing Representative Office, Room 604, CN Resources Building, No. 8 Jianguomenbei A, Beijing, China 100005. National Semiconductor Hong Kong Limited, Shanghai Representative Office, Room 903-905 Central Plaza, No. 227 Huangpi Road North, Shanghai, China 200003. National Semiconductor Hong Kong Limited, Shenzhen Representative Office, Room 1709 Di Wang Commercial Centre, Shung Hing Square, 5002 Shenna Road East, Shenzhen, China 518008.

\* \* \* \* \*  
**Eileen M. Albanese,**  
*Director, Office of Exporter Services.*  
 [FR Doc. E7-21465 Filed 10-30-07; 8:45 am]  
**BILLING CODE 3510-33-P**

**DEPARTMENT OF THE TREASURY**  
**Office of Foreign Assets Control**  
**31 CFR Part 538**  
**Sudanese Sanctions Regulations**  
**AGENCY:** Office of Foreign Assets Control, Treasury.  
**ACTION:** Final rule.  
**SUMMARY:** The Office of Foreign Assets Control of the U.S. Department of the

Treasury is amending the Sudanese Sanctions Regulations, 31 CFR part 538, to include several new provisions implementing Executive Order 13412 of October 13, 2006.  
**DATES:** *Effective Date:* October 31, 2007.  
**FOR FURTHER INFORMATION CONTACT:** Assistant Director for Compliance Outreach & Implementation, tel.: 202/622-2490, Assistant Director for Licensing, tel.: 202/622-2480, Assistant Director for Policy, tel.: 202/622-4855, Office of Foreign Assets Control, or

Chief Counsel (Foreign Assets Control), tel.: 202/622-2410, Office of the General Counsel, Department of the Treasury, Washington, DC 20220 (not toll free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Electronic and Facsimile Availability

This document and additional information concerning the Office of Foreign Assets Control are available from OFAC's Web site (<http://www.treas.gov/ofac>) or via facsimile through a 24-hour fax-on demand service, tel.: (202) 622-0077.

##### Background

The Sudanese Sanctions Regulations, 31 CFR part 538 (the "SSR"), were promulgated to implement Executive Order 13067 of November 3, 1997 ("E.O. 13067"), in which the President declared a national emergency with respect to the policies and actions of the Government of Sudan. To deal with that emergency, E.O. 13067 imposed comprehensive trade sanctions with respect to Sudan and blocked all property and interests in property of the Government of Sudan in the United States or within the possession or control of United States persons.

On October 13, 2006, the President signed into law the Darfur Peace and Accountability Act of 2006 (the "DPAA"), which, among other things, calls for support of the regional government of Southern Sudan, assistance with the peace efforts in Darfur, and provision of economic assistance in specified areas of Sudan. In particular, section 7 of the DPAA requires the continuation of the sanctions currently imposed on the Government of Sudan pursuant to E.O. 13067. However, section 8(e) of the DPAA exempts from the prohibitions of E.O. 13067 activities or related transactions with respect to certain areas in Sudan, including Southern Sudan, Southern Kordofan/Nuba Mountains State, Blue Nile State, Abyei, Darfur, and marginalized areas in and around Khartoum.

To reconcile sections 7 and 8(e) of the DPAA and to maintain in place sanctions on the Government of Sudan, the President issued Executive Order 13412 on October 13, 2006 ("E.O. 13412"). In E.O. 13412, the President determined that the Government of Sudan continues to implement policies and actions that violate human rights, in particular with respect to the conflict in Darfur, and that the Government of Sudan plays a pervasive role in Sudan's petroleum and petrochemical industries, thus constituting a threat to

U.S. national security and foreign policy.

In light of these determinations, and in order to take additional steps with respect to the national emergency declared in E.O. 13067, section 1 of E.O. 13412 continues the blocking of the Government of Sudan's property and interests in property that are in or come within the United States, or that are in or come within the possession or control of United States persons. Section 2 of E.O. 13412 prohibits transactions by United States persons relating to the petroleum or petrochemical industries in Sudan, including, but not limited to, oilfield services and oil or gas pipelines. Both sections 1 and 2 of E.O. 13412 apply to the entire territory of Sudan.

Section 4 of E.O. 13412, consistent with section 8(e) of the DPAA, provides that the prohibitions contained in section 2 of E.O. 13067 no longer apply to activities or related transactions with respect to Southern Sudan, Southern Kordofan/Nuba Mountains State, Blue Nile State, Abyei, Darfur, or marginalized areas in and around Khartoum, provided that the transactions do not involve any property or interests in property of the Government of Sudan. Section 4(b)(ii) of E.O. 13412 authorizes the Secretary of State, after consultation with the Secretary of the Treasury, to define the geographic areas of Southern Sudan, Southern Kordofan/Nuba Mountains State, Blue Nile State, Abyei, Darfur, and marginalized areas in and around Khartoum for purposes of the order. In addition, section 6(d) of E.O. 13412 defines the term "Government of Sudan" to include its agencies, instrumentalities, and controlled entities, and the Central Bank of Sudan, but to exclude the regional government of Southern Sudan.

In accordance with E.O. 13412, the Office of Foreign Assets Control ("OFAC") today is amending the SSR to add several new provisions implementing the provisions of E.O. 13412 discussed above. First, OFAC is renumbering §§ 538.210 and 538.211 as §§ 538.211 and 538.212, respectively, in order to add a new § 538.210. Paragraph (a) of new § 538.210 prohibits all transactions by United States persons relating to the petroleum or petrochemical industries in Sudan, including, but not limited to, oilfield services and oil or gas pipelines. Paragraph (b) of § 538.210 prohibits the facilitation by a United States person of any transaction relating to Sudan's petroleum or petrochemical industries.

Second, OFAC is adding an exemption to newly renumbered

§ 538.212. Paragraph (g)(1) of § 538.212 provides that, except for the provisions of §§ 538.201-203, 538.210, and 538.211, and except as provided in paragraph (g)(2) of § 538.212, the prohibitions contained in the SSR do not apply to activities or related transactions with respect to the Specified Areas of Sudan. This provision means that, subject to the new interpretive sections set forth below, activities and related transactions with respect to the Specified Areas of Sudan are no longer prohibited, unless they involve any property or interests in property of the Government of Sudan or relate to Sudan's petroleum or petrochemical industries. In addition, paragraph (g)(2) of § 538.212 states that the exemption does not apply to the exportation or reexportation of agricultural commodities, medicine, and medical devices. Section 906 of the Trade Sanctions Reform and Export Enhancement Act of 2000 (Pub. L. 106-387) continues to impose licensing requirements on these transactions, regardless of the intended destination in Sudan. These licensing requirements are implemented in §§ 538.523, 538.525, and 538.526.

Third, OFAC is revising the definition of the term *Government of Sudan* contained in § 538.305 to exclude the regional government of Southern Sudan, as set forth in section 6(d) of E.O. 13412.

Fourth, OFAC is adding a new definitional section to identify the areas of Sudan that were exempted in section 4(b) of E.O. 13412 from the prohibitions contained in section 2 of E.O. 13067. New § 538.320 defines the term *Specified Areas of Sudan* to mean Southern Sudan, Southern Kordofan/Nuba Mountains State, Blue Nile State, Abyei, Darfur, and marginalized areas in and around Khartoum. This section also defines the term "marginalized areas in and around Khartoum" to refer to four official camps for internally displaced persons.

Fifth, OFAC is adding interpretive § 538.417 to clarify that all of the prohibitions in the SSR apply to shipments of goods, services, and technology that transit areas of Sudan other than the Specified Areas of Sudan. Section 538.417(a) provides that an exportation or reexportation of goods, technology, or services to the Specified Areas of Sudan is exempt under § 538.212(g) only if it does not transit or transship through any area of Sudan other than the Specified Areas of Sudan. Section 538.417(b) provides that an importation into the United States of goods or services from, or originating in, the Specified Areas of Sudan is exempt under § 538.212(g) only if it does not

transit or transship through any area of Sudan other than the Specified Areas of Sudan. Thus, imports and exports to or from the Specified Areas of Sudan that do not transit or transship non-exempt areas of Sudan are not prohibited, provided that the Government of Sudan does not have an interest in the transaction and the transaction does not relate to Sudan's petroleum or petrochemical industries. However, imports and exports to or from the Specified Areas of Sudan that involve the transiting of, or transshipment through, non-exempt areas of Sudan, *e.g.*, Khartoum and Port Sudan, require authorization from OFAC.

OFAC is also adding interpretive § 538.418 to explain the prohibitions on financial transactions in Sudan. Financial transactions are no longer prohibited by the SSR if: (1) The underlying activity is not prohibited by the SSR; (2) the financial transaction involves a third-country depository institution, or a Sudanese depository institution not owned or controlled by the Government of Sudan, that is located in the Specified Areas of Sudan; and (3) the financial transaction is not routed through a depository institution that is located in the non-exempt areas or that is owned or controlled by the Government of Sudan, wherever located. However, any financial transactions that involve, in any manner, depository institutions that are located in the non-exempt areas of Sudan, *e.g.*, Khartoum, remain prohibited and require authorization from OFAC.

For example, if a financial transaction involves a branch of a depository institution in the Specified Areas of Sudan, but that depository institution is headquartered in Khartoum and requires all financial transactions to be routed through the headquarters or another branch located in the non-exempt areas of Sudan, that transaction is prohibited and requires authorization from OFAC.

Finally, OFAC is amending the SSR to add three new general licenses, which are set forth in §§ 538.530, 538.531, and 538.532. Paragraph (a) of § 538.530 provides that all general licenses issued pursuant to E.O. 13067 are authorized and remain in effect pursuant to E.O. 13412. Paragraph (b) of § 538.530 provides that all specific licenses and all nongovernmental organization registrations issued pursuant to E.O. 13067 or the SSR prior to October 13, 2006, are authorized pursuant to E.O. 13412 and remain in effect until the expiration date specified in the license or registration, or if no expiration date is specified, June 30, 2008. OFAC urges

all license and nongovernmental organization registration holders to take note of this potentially new expiration date, which applies to all licenses and registrations that do not otherwise contain an expiration date, regardless of when they were originally issued.

The second general license, new § 538.531, authorizes otherwise prohibited official activities of the United States Government and international organizations. Subject to certain conditions and limitations, paragraph (a)(1) of § 538.531 authorizes all transactions and activities otherwise prohibited by the SSR or E.O. 13412 that are for the conduct of the official business of the United States Government by contractors or grantees thereof. Employees who engage in transactions for the conduct of the official business of the United States Government already are exempt from these prohibitions. See § 538.212(e) and section 5(a) of E.O. 13412. Paragraph (a)(2) of § 538.531 authorizes, subject to the same conditions and limitations as paragraph (a)(1), all transactions and activities otherwise prohibited by the SSR or E.O. 13412 that are for the conduct of the official business of the United Nations, or United Nations specialized agencies, programmes, and funds, by employees, contractors, or grantees thereof. Paragraphs (b), (c), and (d) of § 538.531 set forth conditions and limitations on the authorizations described in paragraph (a).

The third general license, § 538.532, authorizes humanitarian transshipments of goods, technology, or services through non-exempt areas of Sudan to or from Southern Sudan and Darfur. This license will be subject to review on an annual basis. Upon completion of the annual review, OFAC may revoke the general license through the issuance of a notice in the **Federal Register**. If OFAC does not take any action, this license will remain in force.

#### Public Participation

Because the amendment of the SSR 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.

#### Paperwork Reduction Act

The collections of information related to the SSR are contained in 31 CFR part 501 (the "Reporting, Procedures and

Penalties Regulations"). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget under control number 1505–0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

#### List of Subjects in 31 CFR Part 538

Administrative practice and procedure, Banks, Banking, Blocking of assets, Exports, Foreign trade, Humanitarian aid, Imports, Penalties, Reporting and recordkeeping requirements, Specially designated nationals, Sudan, Terrorism, Transportation.

■ For the reasons set forth in the preamble, the Office of Foreign Assets Control amends 31 CFR part 538 as follows:

#### PART 538—SUDANESE SANCTIONS REGULATIONS

■ 1. Revise the authority citation for part 538 to read as follows:

**Authority:** 3 U.S.C. 301; 31 U.S.C. 321(b); 18 U.S.C. 2339B, 2332d; 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 106–387, 114 Stat. 1549; Pub. L. 109–344, 120 Stat. 1869; Pub. L. 110–96, 121 Stat. 1011; E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230; E.O. 13412, 71 FR 61369, October 13, 2006.

#### Subpart B—Prohibitions

■ 2. Redesignate §§ 538.210 and 538.211 as §§ 538.211 and 538.212, respectively, and add a new § 538.210 to read as follows:

#### § 538.210 Prohibited transactions relating to petroleum and petrochemical industries.

(a) Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to October 13, 2006, all transactions by United States persons relating to the petroleum or petrochemical industries in Sudan, including, but not limited to, oilfield services and oil or gas pipelines, are prohibited.

(b) Except as otherwise authorized, the facilitation by a United States person, including but not limited to brokering activities, of any transaction relating to the petroleum or petrochemical industries in Sudan is prohibited.

■ 3. Add a new paragraph (g) to newly redesignated § 538.212 to read as follows:

**§ 538.212 Exempt transactions.**

\* \* \* \* \*

(g)(1) *Specified Areas of Sudan.*

Except for the provisions of §§ 538.201 through 538.203, 538.210, and 538.211, and except as provided in paragraph (g)(2) of this section, the prohibitions contained in this part do not apply to activities or related transactions with respect to the Specified Areas of Sudan.

(2) The exemption in paragraph (g)(1) of this section does not apply to the exportation or reexportation of agricultural commodities (including bulk agricultural commodities listed in appendix A to this part 538), medicine, and medical devices.

**Note to § 538.212(g)(2).** See §§ 538.523, 538.525, and 538.526 for licensing requirements governing the transactions described in paragraph (g)(2) of this section.

**Subpart C—General Definitions**

■ 4. Amend § 538.305 by redesignating paragraphs (a) through (d) as paragraphs (a)(1) through (a)(4), respectively, redesignating the introductory text as paragraph (a) introductory text, revising the newly designated paragraph (a), and adding a new paragraph (b) to read as follows:

**§ 538.305 Government of Sudan.**

(a) The term *Government of Sudan* includes:

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

(2) Any entity 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; and

(4) Any other person determined by the Director of the Office of Foreign Assets Control to be included within paragraphs (a)(1) through (a)(3) of this section.

(b) Effective October 13, 2006, the term *Government of Sudan*, as defined in paragraph (a) of this section, does not include the regional government of Southern Sudan.

\* \* \* \* \*

■ 5. Add a new § 538.320 to read as follows:

**§ 538.320 Specified Areas of Sudan.**

(a) The term *Specified Areas of Sudan* means Southern Sudan, Southern Kordofan/Nuba Mountains State, Blue Nile State, Abyei, Darfur, and

marginalized areas in and around Khartoum.

(b) The term *marginalized areas in and around Khartoum* means the following official camps for internally displaced persons: Mayo, El Salaam, Wad El Bashir, and Soba.

**Subpart D—Interpretations**

■ 6. Add a new § 538.417 to read as follows:

**§ 538.417 Transshipments through Sudan.**

(a) The exportation or reexportation of goods, technology, or services to the Specified Areas of Sudan is exempt under § 538.212(g) only if such goods, technology, or services do not transit or transship through any area of Sudan other than the Specified Areas of Sudan.

(b) The importation into the United States of goods or services from, or originating in, the Specified Areas of Sudan is exempt under § 538.212(g) only if such goods or services do not transit or transship through any area of Sudan other than the Specified Areas of Sudan.

**Note to § 538.417.** See § 538.532, which authorizes humanitarian transshipments to or from Southern Sudan and Darfur.

■ 7. Add a new § 538.418 to read as follows:

**§ 538.418 Financial transactions in Sudan.**

(a) Any financial transaction with a depository institution located in an area of Sudan other than the Specified Areas of Sudan, *e.g.*, Khartoum, remains prohibited.

(b) Financial transactions are no longer prohibited by this part if:

(1) The underlying activity is not prohibited by this part;

(2) The financial transaction involves a third-country depository institution, or a Sudanese depository institution not owned or controlled by the Government of Sudan, that is located in the Specified Areas of Sudan; and

(3) The financial transaction is not routed through a depository institution that is located in an area of Sudan other than the Specified Areas of Sudan or that is owned or controlled by the Government of Sudan, wherever located.

(c) *Example.* A U.S. bank is instructed to transfer funds to the Abyei branch of a Sudanese bank that is not owned or controlled by the Government of Sudan. In order for the transfer to take place, the U.S. bank is required to route the funds through the Sudanese bank's headquarters, which is located in Khartoum. Due to the routing of the financial transaction through Khartoum, this transaction is prohibited and

requires authorization from the Office of Foreign Assets Control. However, if the U.S. bank is able to bypass the Khartoum headquarters and transfer the funds directly to the Abyei branch of the Sudanese bank, then the transaction would not be prohibited.

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

■ 8. Add a new § 538.530 to read as follows:

**§ 538.530 Licenses and registrations issued pursuant to Executive Order 13067 or this part authorized pursuant to Executive Order 13412.**

(a) All general licenses issued pursuant to Executive Order 13067 are authorized pursuant to Executive Order 13412 and remain in effect.

(b) All specific licenses and all nongovernmental organization registrations issued pursuant to Executive Order 13067 or this part prior to October 13, 2006, are authorized pursuant to Executive Order 13412 and remain in effect until the expiration date specified in the license or registration or, if no expiration date is specified, June 30, 2008.

■ 9. Add a new § 538.531 to read as follows:

**§ 538.531 Official activities of the United States Government and international organizations.**

(a) Subject to the conditions of paragraphs (b), (c), and (d) of this section, the following transactions are authorized:

(1) All transactions and activities otherwise prohibited by this part that are for the conduct of the official business of the United States Government or the United Nations by contractors or grantees thereof; and

(2) All transactions and activities otherwise prohibited by this part that are for the conduct of the official business of the United Nations specialized agencies, programmes, and funds by employees, contractors, or grantees thereof.

(b) Contractors or grantees conducting transactions authorized pursuant to paragraph (a) of this section must provide a copy of their contract or grant with the United States Government or the United Nations, or its specialized agencies, programmes, and funds, to any U.S. person before the U.S. person engages in or facilitates any transaction or activity prohibited by this part. If the contract or grant contains any sensitive or proprietary information, such information may be redacted or removed from the copy given to the U.S. person, provided that the information is

not necessary to demonstrate that the transaction is authorized pursuant to paragraph (a) of this section.

(c) Any U.S. person engaging in or facilitating transactions authorized pursuant to this section shall keep a full and accurate record of each such transaction, including a copy of the contract or grant, and such record shall be available for examination for at least five (5) years after the date of the transaction.

(d) No payment pursuant to this section may involve a debit to an account blocked pursuant to this part.

**Note 1 to § 538.531.** This license does not relieve any persons participating in transactions authorized hereunder from compliance with any other U.S. legal requirements applicable to the transactions authorized pursuant to paragraph (a) of this section. See, e.g., the Export Administration Regulations (15 CFR parts 730 *et seq.*).

**Note 2 to § 538.531.** Paragraph (e) of § 538.212 exempts transactions for the conduct of the official business of the Federal Government or the United Nations by employees thereof from the prohibitions contained in this part.

■ 10. Add a new § 538.532 to read as follows:

**§ 538.532 Humanitarian transshipments to or from Southern Sudan and Darfur authorized.**

The transit or transshipment to or from Southern Sudan and Darfur of goods, technology, or services intended for humanitarian purposes, through any area of Sudan not exempted by paragraph (g)(1) of § 538.212, is authorized.

Dated: October 23, 2007.

**Adam J. Szubin,**

*Director, Office of Foreign Assets Control.*

[FR Doc. E7-21443 Filed 10-30-07; 8:45 am]

**BILLING CODE 4811-45-P**

**DEPARTMENT OF THE TREASURY**

**Office of Foreign Assets Control**

**31 CFR Parts 594, 595, and 597**

**Global Terrorism Sanctions Regulations; Terrorism Sanctions Regulations; Foreign Terrorist Organizations Sanctions Regulations**

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Final rule.

**SUMMARY:** The Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") is revising the Global Terrorism Sanctions Regulations, the Terrorism Sanctions Regulations,

and the Foreign Terrorist Organizations Sanctions Regulations to add a new general license authorizing all transactions with the Palestinian Authority, as defined in the general license.

**DATES:** *Effective Date:* October 31, 2007.

**FOR FURTHER INFORMATION CONTACT:** Assistant Director for Compliance, Outreach & Implementation, tel.: 202/622-2490, Assistant Director for Licensing, tel.: 202/622-2480, Assistant Director for Policy, tel.: 202/622-4855, Office of Foreign Assets Control, or Chief Counsel (Foreign Assets Control), tel.: 202/622-2410, Office of the General Counsel, Department of the Treasury, Washington, DC 20220 (not toll free numbers).

**SUPPLEMENTARY INFORMATION:**

**Electronic and Facsimile Availability**

This document and additional information concerning the Office of Foreign Assets Control ("OFAC") are available from OFAC's Web site (<http://www.treas.gov/ofac>) or via facsimile through a 24-hour fax-on-demand service, tel.: (202) 622-0077.

**Background**

OFAC administers three sanctions programs with respect to terrorists and terrorist organizations. The Terrorism Sanctions Regulations, 31 CFR part 595 ("TSR"), implement Executive Order 12947 of January 23, 1995, in which the President declared a national emergency with respect to "grave acts of violence committed by foreign terrorists that disrupt the Middle East peace process \* \* \*". The Global Terrorism Sanctions Regulations, 31 CFR part 594 ("GTSR"), implement Executive Order 13224 of September 23, 2001, in which the President declared an emergency more generally with respect to "grave acts of terrorism and threats of terrorism committed by foreign terrorists \* \* \*". The Foreign Terrorist Organizations Sanctions Regulations, 31 CFR part 597 ("FTOSR"), implement provisions of the Antiterrorism and Effective Death Penalty Act of 1996.

HAMAS is a target of each of these sanctions programs, resulting in the blocking of its property and interests in property that are in the United States or within the possession or control of a U.S. person. In the case of the FTOSR, U.S. financial institutions are required to retain possession or control of any funds of HAMAS and report the existence of such funds to Treasury. These restrictions effectively prohibit U.S. persons from dealing in property or interests in property of HAMAS. Following the 2006 parliamentary

elections in the West Bank and Gaza, which resulted in HAMAS members forming the majority party within the Palestinian Legislative Council and holding positions of authority within the government, OFAC determined that HAMAS had a property interest in the transactions of the Palestinian Authority. That determination remains in place. Accordingly, pursuant to the TSR, the GTSR, and the FTOSR, U.S. persons are prohibited from engaging in transactions with the Palestinian Authority unless authorized. On April 12, 2006, OFAC issued six general licenses authorizing U.S. persons to engage in certain transactions in which the Palestinian Authority may have an interest.

Based on foreign policy considerations resulting from recent events in the West Bank and Gaza, including the appointment of Salam Fayyad as the new Prime Minister of the Palestinian Authority and of other ministers not affiliated with HAMAS, OFAC is revising the TSR, GTSR, and FTOSR to add a new general license as TSR § 595.514, GTSR § 594.516, and FTOSR § 597.512. Paragraph (a) of new §§ 595.514, 594.516, and 597.512 authorizes U.S. persons to engage in all transactions with the Palestinian Authority. Paragraph (b) of these sections defines the term Palestinian Authority, for purposes of the authorization in paragraph (a), as the Palestinian Authority government of Prime Minister Salam Fayyad and President Mahmoud Abbas, including all branches, ministries, offices, and agencies (independent or otherwise) thereof. Transactions with HAMAS, or in any property in which HAMAS has an interest, not covered by the general license remain prohibited.

**Public Participation**

Because the amendment of 31 CFR parts 594, 595, and 597 involves a foreign affairs function, the provisions of Executive Order 12866 and 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.

**Paperwork Reduction Act**

The collections of information related to 31 CFR parts 594, 595, and 597 are contained in 31 CFR part 501 (the "Reporting, Procedures and Penalties Regulations"). Pursuant to the Paperwork Reduction Act of 1995 (44