

**MEMO# 17242**

March 18, 2004

## **OFAC UPDATE -- CLARIFICATION ON IRAQI SANCTIONS REGULATIONS**

[17242] March 18, 2004 TO: COMPLIANCE ADVISORY COMMITTEE No. 37-04 INTERNATIONAL COMMITTEE No. 16-04 INTERNATIONAL OPERATIONS ADVISORY COMMITTEE No. 13-04 MONEY LAUNDERING RULES WORKING GROUP No. 10-04 PRIMARY CONTACTS - MEMBER COMPLEX No. 28-04 TRANSFER AGENT ADVISORY COMMITTEE No. 28-04 RE: OFAC UPDATE -- CLARIFICATION ON IRAQI SANCTIONS REGULATIONS Treasury's Office of Foreign Assets Control (OFAC) issued a bulletin today clarifying the status of a number of entities as "parastatals" under the Iraqi Sanctions Regulations (ISR), 31 CFR 575.306. 1 In today's bulletin, OFAC clarifies that certain listed entities are included in the term "Government of Iraq" as that term is used in the ISR and are also state bodies, corporations or agencies of the former Iraqi regime as described in Executive Order 13315 of August 29, 2003. The property of these entities is subject to blocking pursuant to that Executive Order, but OFAC has issued a General License permitting most transactions on or after August 29, 2003. 2 As a result, under the ISR and a recent general license (31 CFR 575.533), assets of these entities that were blocked on or before May 23, 2003, are to remain blocked. However, transactions with these parastatals arising after May 23, 2003, are permitted subject to certain limitations. 1 OFAC regulations require US persons, including investment companies, to block all accounts and assets of persons or entities named by OFAC. For an overview of OFAC regulations and a description of the various measures that mutual fund organizations may wish to consider adopting to ensure compliance with those regulations, refer to the Institute's paper entitled "Foreign Assets Control Compliance for Mutual Funds." This paper is available on the Institute's members' website at <http://members.ici.org>. The members' website is password-protected; staff at Institute member firms may request access codes by filling out the enrollment form on the website. 2 There is one exception. Iraqi State Enterprise for Foodstuffs Trading, has been previously identified as a Specially Designated National (SDN) of Iraq. The general licenses mentioned above do not apply to SDNs. Consequently, all transactions (whether before or after May 23, 2003) with the Iraqi State Enterprise for Foodstuffs Trading would remain prohibited, unless specifically licensed by OFAC. This entry on the list of parastatals is marked with an asterisk. 2 The full list of Iraqi parastatals can be found on the OFAC web site at <http://www.treas.gov/offices/eotffc/ofac/bulletin.txt>. Full information about the ISR can be found at <http://www.treas.gov/offices/eotffc/ofac/sanctions/sanctguide-iraq.html>. Robert C. Grohowski Associate Counsel

should not be considered a substitute for, legal advice.