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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 Department of the Treasury's Office of Foreign Assets Control (OFAC) is adopting a final rule amending the Sudanese Sanctions Regulations (the "SSR") by adding a general license pertaining to certain software, hardware, and services incident to personal communications. OFAC is also making other technical and conforming changes.

DATES: Effective: [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Assistant Director for Licensing, tel.: 202/622-2480, Assistant Director for Policy, tel.: 202/622-6746, Assistant Director for Regulatory Affairs, tel.: 202/622-4855, Assistant Director for Sanctions Compliance & Evaluation, tel.: 202/622-2490, Office of Foreign Assets Control, or Chief Counsel (Foreign

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

SUPPLEMENTARY INFORMATION:

Electronic and Facsimile Availability

This document and additional information concerning OFAC are available from OFAC's website (www.treasury.gov/ofac). Certain general information pertaining to OFAC's sanctions programs also is available via facsimile through a 24-hour fax-on-demand service, tel.: 202/622-0077.

Background

OFAC today is amending the SSR, 31 CFR part 538, primarily to issue a new general license pertaining to certain software, hardware, and services incident to personal communications. Transactions otherwise prohibited under the SSR but found to be consistent with U.S. policy may be authorized by one of the general licenses contained in subpart E of the SSR or by a specific license issued pursuant to the procedures described in subpart E of 31 CFR part 501. OFAC also is making other technical and conforming changes.

On March 10, 2010, OFAC issued a general license that authorized the exportation from the United States or by U.S. persons, wherever located, to persons in Sudan (31 CFR 538.533)

and Iran (31 CFR 560.540) of certain services and software incident to the exchange of personal communications over the Internet, such as instant messaging, chat and e-mail, social networking, sharing of photos and movies, web browsing, and blogging. In order to qualify for that authorization, such services and software had to be publicly available (widely available to the public) at no cost to the user. In addition, such software qualified for this authorization only if it was (1) designated as “EAR99” under the Export Administration Regulations, 15 CFR parts 730 through 774 (EAR); (2) not subject to the EAR; or (3) classified by the Department of Commerce as mass market software under export control classification number (ECCN) 5D992 of the EAR. These sections of the SSR and the Iranian Transactions and Sanctions Regulations did not authorize the direct or indirect exportation of services or software with knowledge or reason to know that such services or software are intended for the Government of Sudan or the Government of Iran.

On May 30, 2013, to help facilitate the free flow of information in Iran and with Iranians, OFAC, in consultation with the Departments of State and Commerce, issued Iran General License D. General License D expanded upon the existing authorization in 31 CFR 560.540 by authorizing the exportation to Iran of certain additional software, hardware, and services incident to personal communications. On February 7, 2014, OFAC, in consultation with the Departments of State and Commerce, issued amended Iran General License D-1 (GL D-1). GL D-1 clarified certain aspects of General License D, and added certain new authorizations relating to the provision to Iran of certain hardware, software, and services incident to personal communications.

Similar considerations apply in Sudan. Accordingly, in consultation with the Departments of State and Commerce, OFAC is expanding the scope of 31 CFR 538.533 consistent with the U.S. Government's commitment to the advancement of the free flow of information and to facilitate communications by the Sudanese people, including during a national dialogue, and consistent with the Iran GL D-1 model. In view of its shared jurisdiction over certain export licensing authority with respect to Sudan, OFAC is issuing this amendment in coordination with the Department of Commerce, Bureau of Industry and Security (BIS). BIS concurrently is amending the EAR to, inter alia, revise the general licensing policy of denial to one of case-by-case licensing for exports and reexports to Sudan of telecommunications equipment and associated computers, software, and technology for civil end use, and to revise License Exception Consumer Communications Devices (CCD), which previously applied only to consumer communications devices to Cuba, to authorize exports and reexports of such devices to Sudan.

OFAC is amending 31 CFR 538.533 in several ways. First, OFAC is removing a limitation in the existing general license at 31 CFR § 538.533, which only authorizes certain no cost software and services incident to the exchange of personal communications. Section 538.533 now also authorizes the exportation of certain fee-based software and services incident to the exchange of personal communications. See 31 CFR 538.533(a)(1) & (2). To avoid confusion with respect to the term “publicly available” as described in 15 CFR 734.3(b)(3), OFAC also is changing the terminology in § 538.533 from “publicly available” to “widely available to the public,” although the scope remains the same.

Second, OFAC is expanding the authorization in § 538.533 to permit the exportation, reexportation, or provision, directly or indirectly, to Sudan of certain additional personal communications software, hardware, and related services subject to the EAR. See 31 CFR 538.533(a)(1), (2), & (3). The general license now authorizes, for example, a non-U.S. person located outside the United States to export certain hardware and software subject to the EAR to Sudan. For purposes of § 538.533, the term “provision” includes, for example, an in-country transfer of covered software or hardware.

Third, OFAC is adding new authorizations for the exportation, reexportation, or provision, directly or indirectly, by a U.S. person located outside the United States to Sudan of certain software and hardware not subject to the EAR. See § 538.533 (a)(2)(ii), (a)(2)(iii), (a)(3)(ii), & (a)(3)(iii). The general license now authorizes, for example, a foreign branch of a U.S. company to export to Sudan, from a location outside the United States, certain hardware or software that is not subject to the EAR (including foreign-origin hardware or software containing less than a de minimis amount of U.S. controlled content).

Fourth, a Note to paragraphs (a)(2) and (a)(3) has been added to clarify that the authorization in those paragraphs includes the exportation, reexportation, or provision, directly or indirectly, of the authorized items by an individual leaving the United States for Sudan. Section 538.533(a)(5) also adds a new authorization for the importation by an individual into the United States of certain hardware and software previously exported by the individual to Sudan pursuant to other provisions of 31 CFR 538.533. The general license now authorizes, for example, an

individual to carry a smartphone that falls within the scope of the authorization while traveling to and from Sudan.

Finally, to further ensure that the sanctions on Sudan do not affect the willingness of companies to make available certain no cost personal communications tools to persons in that country, § 538.533(a)(6) adds a new authorization that covers the exportation, reexportation, or provision to the Government of Sudan of certain no cost services and software that are widely available to the public.

OFAC also has made additional technical and conforming changes in § 538.212(c)(3), § 538.411, § 538.501, and § 538.512. Notwithstanding these changes, nothing in this general license relieves an exporter from compliance with the export license requirements of another Federal agency.

Public Participation

Because the Regulations involve 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 the Regulations 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, Credit, Investments, Penalties, Reporting and recordkeeping requirements, Securities, Services, Sudan.

For the reasons set forth in the preamble, the Department of the Treasury’s Office of Foreign Assets Control amends 31 CFR chapter V as follows:

PART 538-SUDANESE SANCTIONS REGULATIONS

1. The authority citation for part 538 continues to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2339B, 2332d; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); 22 U.S.C. 7201-7211; Pub. L. 109-344, 120 Stat. 1869; Pub. L. 110-96, 121 Stat. 1011 (50 U.S.C. 1705 note); E.O.

13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230; E.O. 13412, 71 FR 61369, 3 CFR, 2006 Comp., p. 244.

2. Amend § 538.212 by revising paragraph (c)(3) and adding Note to paragraph (c)(3) to read as follows:

§538.212 Exempt transactions.

* * * * *

(c) * * *

(3) This section does not exempt or authorize transactions incident to the exportation of software subject to the Export Administration Regulations, 15 CFR parts 730 through 774, or to the exportation of goods (including software) or technology for use in the transmission of any data, or to the provision, sale, or leasing of capacity on telecommunications transmission facilities (such as satellite or terrestrial network connectivity) for use in the transmission of any data. The exportation of such items or services and the provision, sale, or leasing of such capacity or facilities to Sudan are prohibited.

Note to paragraph (c)(3): See § 538.533 for a general license authorizing the exportation to Sudan of certain services, software, and hardware incident to the exchange of personal communications.

* * * * *

3. Revise § 538.411 to read as follows:

§ 538.411 Exports to third countries; transshipments.

Exportation of goods or technology (including technical data, software, information not exempted from the prohibition of this part pursuant to § 538.211, or technical assistance) from the United States to third countries is prohibited if the exporter knows, or has reason to know, that the goods or technology are intended for transshipment to Sudan (including passage through, or storage in, intermediate destinations). The exportation of goods or technology intended specifically for incorporation or substantial transformation into a third-country product is also prohibited if the particular product is to be used in Sudan, is being specifically manufactured to fill a Sudanese order, or if the manufacturer's sales of the particular product are predominantly to Sudan.

Note to § 538.411: See § 538.533 for a general license authorizing the exportation to persons of certain services, software, and hardware incident to the exchange of personal communications.

4. Revise § 538.501 to read as follows:

§ 538.501 Effect of license or authorization.

(a) No license or other authorization contained in this part, or otherwise issued by the Office of Foreign Assets Control (OFAC), authorizes or validates any transaction effected prior to the issuance of such license or other authorization, unless specifically provided in such license or authorization.

(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by OFAC and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transaction prohibited by any other part of this chapter unless the regulation, ruling, instruction, or license specifically refers to such part.

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

(d) Nothing contained in this part shall be construed to supersede the requirements established under any other provision of law or to relieve a person from any requirement to obtain a license or other authorization from another department or agency of the U.S. Government in

compliance with applicable laws and regulations subject to the jurisdiction of that department or agency. For example, exports of goods, services, or technical data that are not prohibited by this part or that do not require a license by OFAC nevertheless may require authorization by the U.S. Department of Commerce, the U.S. Department of State, or other agencies of the U.S. Government.

(e) No license or other authorization contained in or issued pursuant to this part authorizes transfers of or payments from blocked property or debits to blocked accounts unless the license or other authorization explicitly authorizes the transfer of or payment from blocked property or the debit to a blocked account.

(f) Any payment relating to a transaction authorized in or pursuant to this part that is routed through the U.S. financial system should reference the relevant OFAC general or specific license authorizing the payment to avoid the blocking or rejection of the transfer.

5. Revise § 538.512 to read as follows:

§ 538.512 Transactions related to telecommunications and mail authorized.

(a)(1) Except as provided in paragraph (a)(2) of this section, all transactions with respect to the receipt and transmission of telecommunications involving Sudan are authorized, provided that no payment pursuant to this section may involve any debit to a blocked account of the Government of Sudan on the books of a U.S. financial institution.

(2) This section does not authorize:

(i) The provision, sale, or lease of telecommunications equipment or technology; or

(ii) The provision, sale, or lease of capacity on telecommunications transmission facilities (such as satellite or terrestrial network connectivity).

(b) All transactions of common carriers incident to the receipt or transmission of mail and packages between the United States and Sudan are authorized, provided that the importation or exportation of such mail and packages is exempt from or authorized pursuant to this part.

Note to § 538.512: See § 538.533 for a general license authorizing the exportation to Sudan of certain services, software, and hardware incident to the exchange of personal communications.

§ 538.513 [Removed and Reserved]

6. Remove and reserve § 538.513.

7. Revise § 538.533 to read as follows:

§ 538.533 Exportation, reexportation, or provision of certain services, software, and hardware incident to personal communications.

(a) Subject to the restrictions set forth in paragraph (b) of this section, the following transactions are authorized:

(1) Services. The exportation or reexportation, directly or indirectly, from the United States or by a U.S. person, wherever located, to Sudan of services incident to the exchange of personal communications over the Internet, such as instant messaging, chat and email, social networking, sharing of photos and movies, web browsing, and blogging.

(2) Software — (i) Software subject to the EAR. The exportation, reexportation, or provision, directly or indirectly, to Sudan of software subject to the Export Administration Regulations, 15 CFR parts 730 through 774 (the “EAR”), that is necessary to enable services incident to the exchange of personal communications over the Internet, such as instant messaging, chat and email, social networking, sharing of photos and movies, web browsing, and blogging, provided that such software is designated EAR99 or classified by the U.S. Department of Commerce on the Commerce Control List, 15 CFR part 774, supplement No. 1 (CCL), under export control classification number (ECCN) 5D992.c.

(ii) Software that is not subject to the EAR because it is of foreign origin and is located outside the United States. The exportation, reexportation, or provision, directly or indirectly, by a U.S. person, wherever located, to Sudan of software that is not subject to the EAR because it is of foreign origin and is located outside the United States that is necessary to enable services incident

to the exchange of personal communications over the Internet, such as instant messaging, chat and email, social networking, sharing of photos and movies, web browsing, and blogging, provided that such software would be designated EAR99 if it were located in the United States or would meet the criteria for classification under ECCN 5D992.c if it were subject to the EAR.

(iii) Software that is not subject to the EAR because it is described in 15 CFR 734.3(b)(3).

The exportation, reexportation, or provision, directly or indirectly, by a U.S. person, wherever located, to Sudan of software that is not subject to the EAR because it is described in 15 CFR 734.3(b)(3) that is necessary to enable services incident to the exchange of personal communications over the Internet, such as instant messaging, chat and email, social networking, sharing of photos and movies, web browsing, and blogging.

(3) Additional software, hardware, and related services. To the extent not authorized by paragraph (a)(1) or (a)(2) of this section, the exportation, reexportation, or provision, directly or indirectly, to Sudan of certain software and hardware incident to personal communications, as well as related services, as follows:

(i) In the case of hardware and software subject to the EAR, the items specified in Appendix B to this part;

(ii) In the case of hardware and software that is not subject to the EAR because it is of foreign origin and is located outside the United States that is exported, reexported, or provided, directly or indirectly, by a U.S. person, wherever located, to Sudan, hardware and software that is

of a type described in Appendix B to this part provided that it would be designated EAR99 if it were located in the United States or would meet the criteria for classification under the relevant ECCN specified in Appendix B to this part if it were subject to the EAR; and

(iii) in the case of software not subject to the EAR because it is described in 15 CFR 734.3(b)(3) that is exported, reexported, or provided, directly or indirectly, from the United States or by a U.S. person, wherever located, to Sudan, software that is of a type described in the Appendix B to this part.

Note to paragraphs (a)(2) and (a)(3): The authorizations in paragraphs (a)(2) and (a)(3) of this section include the exportation, reexportation, or provision, directly or indirectly, to Sudan of authorized hardware and software by an individual leaving the United States for Sudan.

(4) Internet connectivity services and telecommunications capacity. The exportation or reexportation, directly or indirectly, from the United States or by a U.S. person, wherever located, to Sudan of consumer-grade Internet connectivity services and the provision, sale, or leasing of capacity on telecommunications transmission facilities (such as satellite or terrestrial network connectivity) incident to personal communications.

Note to paragraph (a)(4): See § 538.512 for authorizations relating to transactions with respect to the receipt and transmission of telecommunications involving Sudan.

(5) Importation into the United States of hardware and software previously exported to Sudan. The importation into the United States of hardware and software authorized for exportation, reexportation, or provision to Sudan under paragraphs (a)(2) and (a)(3) of this section by an individual entering the United States, directly or indirectly, from Sudan, provided that the items previously were exported, reexported, or provided by the individual to Sudan pursuant to paragraphs (a)(2) and (a)(3) of this section.

(6) Exportation, reexportation, or provision of no cost services and software that are widely available to the public to the Government of Sudan. — (i) Services. The exportation or reexportation, directly or indirectly, from the United States or by a U.S. person, wherever located, to the Government of Sudan of services described in paragraph (a)(1) of this section or categories (6) through (11) of Appendix B to this part, provided that such services are widely available to the public at no cost to the user.

(ii) Software. The exportation, reexportation, or provision, directly or indirectly, to the Government of Sudan of software described in paragraph (a)(2) of this section or categories (6) through (11) of Appendix B to this part, read in conjunction with paragraph (a)(3) of this section, provided that such software is widely available to the public at no cost to the user.

Note to paragraph (a): Nothing in this section relieves the exporter from compliance with the export license application requirements of another Federal agency.

(b) This section does not authorize:

(1) The exportation, reexportation, or provision, directly or indirectly, of the services, software, or hardware specified in paragraph (a) of this section with knowledge or reason to know that such services, software, or hardware are intended for the Government of Sudan, except for services or software specified in paragraph (a)(6) of this section.

(2) The exportation, reexportation, or provision, directly or indirectly, of the services, software, or hardware specified in paragraph (a) of this section to any person whose property and interests in property are blocked pursuant to any part of 31 CFR chapter V, other than persons whose property and interests in property are blocked solely pursuant to Executive Order 13067 and Executive Order 13412 as the Government of Sudan.

(3) The exportation or reexportation, directly or indirectly, of commercial-grade Internet connectivity services or telecommunications transmission facilities (such as dedicated satellite links or dedicated lines that include quality of service guarantees).

(4) The exportation or reexportation, directly or indirectly, of web-hosting services that are for commercial endeavors or of domain name registration services.

(5) Any action or activity involving any item (including information) subject to the EAR that is prohibited by, or otherwise requires a license under, part 744 of the EAR or participation in any transaction involving a person whose export privileges have been denied pursuant to part 764 or 766 of the EAR, without authorization from the Department of Commerce.

(c) Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER], transfers of funds from Sudan or for or on behalf of a person in Sudan in furtherance of an underlying transaction authorized by paragraph (a) of this section may be processed by U.S. depository institutions and U.S. registered brokers or dealers in securities so long as they are consistent with §§ 538.405 and 538.418.

(d) Specific licenses may be issued on a case-by-case basis for the exportation, reexportation, or provision of services, software, or hardware incident to personal communications not specified in paragraph (a) of this section or Appendix B to this part.

Note 1 to § 538.533: This section does not authorize any transaction prohibited by any part of chapter V of 31 CFR other than part 538. Accordingly, the transfer of funds may not be by, to, or through a person whose property and interests in property are blocked pursuant to any other part of 31 CFR chapter V, or any Executive order, except a Sudanese financial institution whose property and interests in property are blocked solely pursuant to 31 CFR part 538.

Note 2 to § 538.533: See § 538.212(g)(1) for an exemption related to the exportation of certain goods and services to the Specified Areas of Sudan, and § 538.537 for a general license authorizing the transshipment of goods, technology, and services to or from the Republic of South Sudan.

8. Add Appendix B to part 538 to read as follows:

Appendix B to Part 538

**Appendix B -- Services, Software, and Hardware Incident to Personal Communications
Authorized for Exportation, Reexportation, or Provision to Sudan
by Paragraph (a)(3) of § 538.533**

Note: See paragraphs (a)(3)(ii)-(iii) of § 538.533 for authorizations related to certain hardware and software that is of a type described below but that is not subject to the EAR.

1.)	Mobile phones (including smartphones), Personal Digital Assistants (PDAs), Subscriber Identity Module/Subscriber Information Module (SIM) cards, and accessories for such devices designated EAR99 or classified on the CCL under ECCN 5A992.c; drivers and connectivity software for such hardware designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such hardware and software.
2.)	Satellite phones and Broadband Global Area Network (BGAN) hardware designated EAR99 or classified under ECCN 5A992.c; demand drivers and connectivity software for such hardware designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such hardware and software.
3.)	Consumer* modems, network interface cards, radio equipment (including antennae), routers, switches, and WiFi access points, designed for 50 or fewer concurrent users, designated EAR99 or classified under ECCNs 5A992.c, 5A991.b.2, or 5A991.b.4; drivers, communications, and connectivity software for such hardware designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such hardware and software.
4.)	Residential consumer* satellite terminals, transceiver equipment (including to antennae, receivers, set-top boxes and video decoders) designated EAR99 or classified under ECCNs 5A992.c, 5A991.b.2, or 5A991.b.4; drivers, communications, and connectivity software for such hardware designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such hardware and software.
5.)	Laptops, tablets, and personal computing devices, and peripherals for such devices (including consumer* disk drives and other data storage devices) and accessories for such devices (including keyboards and mice) designated EAR99 or classified on the CCL under ECCNs 5A992.c, 5A991.b.2, 5A991.b.4, or 4A994.b; computer operating systems and software required for effective consumer use of such hardware, including software updates and patches, designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such hardware and software.
6.)	Anti-virus and anti-malware software designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such software.

* For purposes of this Appendix, the term “consumer” refers to items that are: (1) generally available to the public by being sold, without restriction, from stock at retail selling points by means of any of the following: (a) over-the-counter transactions; (b) mail order transactions; (c) electronic transactions; or (d) telephone call transactions; and (2) designed for installation by the user without further substantial support by the supplier.

7.)	Anti-tracking software designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such software.
8.)	Mobile operating systems, online application for mobile operating systems (app) stores, and related software, including apps designed to run on mobile operating systems, designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such software.
9.)	Anti-censorship tools and related software designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such software.
10.)	Virtual Private Network (VPN) client software, proxy tools, and fee-based client personal communications tools including voice, text, video, voice-over-IP telephony, video chat, and successor technologies, and communications and connectivity software required for effective consumer use designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such software.
11.)	Provisioning and verification software for Secure Sockets Layers (SSL) certificates designated EAR99 or classified under ECCN 5D992.c; and services necessary for the operation of such software.

Dated: February 10, 2015.

John E. Smith

Acting Director, Office of Foreign Assets Control.

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