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**DEPARTMENT OF COMMERCE**

**Bureau of Industry and Security**

**15 CFR Part 744**

**[Docket No. 161228999-6999-01]**

**RIN 0694-AH27**

**Addition of Certain Entities to the Entity List**

**AGENCY:** Bureau of Industry and Security, Commerce.

**ACTION:** Final rule.

**SUMMARY:** The Bureau of Industry and Security (BIS) amends the Export Administration Regulations (EAR) by adding five entities to the Entity List. These five entities have been determined by the U.S. Government to be acting contrary to the national security or foreign policy interests of the United States. BIS is taking this action in conjunction with the designations made by the Office of Foreign Asset Controls,

Department of the Treasury, under amended Executive Order 13694. This final rule lists these entities on the Entity List under the destination of Russia.

**DATES:** This rule is effective [INSERT DATE OF PUBLICATION IN FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Chair, End-User Review Committee, Office of the Assistant Secretary, Export Administration, Bureau of Industry and Security, Department of Commerce, Phone: (202) 482-5991, E-mail: ERC@bis.doc.gov.

**SUPPLEMENTARY INFORMATION:**

**Background**

The Entity List (Supplement No. 4 to part 744 of the EAR) identifies entities and other persons reasonably believed to be involved in, or that pose a significant risk of being or becoming involved in, activities that are contrary to the national security or foreign policy of the United States. The EAR imposes additional licensing requirements on, and limits the availability of most license exceptions for exports, reexports, and transfers (in-country) to those persons or entities listed on the Entity List. The license review policy for each listed entity is identified in the “License review policy” column on the Entity List and the impact on the availability of license exceptions is described in the *Federal Register* notice adding entities or other persons to the Entity List. BIS places

entities on the Entity List based on certain sections of part 744 (Control Policy: End-User and End-Use Based) and part 746 (Embargoes and Other Special Controls) of the EAR.

The End-User Review Committee (ERC) is composed of representatives of the Departments of Commerce (Chair), State, Defense, Energy, and where appropriate, the Treasury. The ERC makes decisions to add an entry to the Entity List by majority vote and to remove or modify an entry by unanimous vote. The Departments represented on the ERC have approved these changes to the Entity List.

### **Entity List Additions**

#### *Additions to the Entity List*

This rule implements the decision of the agencies of the ERC to add five entities to the Entity List. These five entities are being added on the basis of § 744.11 (License requirements that apply to entities acting contrary to the national security or foreign policy interests of the United States) of the EAR. The five entries being added to the Entity List are in Russia.

Under § 744.11(b) (Criteria for revising the Entity List) of the EAR, persons for whom there is reasonable cause to believe, based on specific and articulable facts, have been involved, are involved, or pose a significant risk of being or becoming involved in, activities that are contrary to the national security or foreign policy interests of the United States and those acting on behalf of such persons may be added to the Entity List. The entities being added to the Entity List have been determined to be involved in activities

that are contrary to the national security or foreign policy interests of the United States. Specifically, in this rule, BIS adds five entities to the Entity List, as further described below.

*Entity Additions Consistent With Executive Order 13694*

Five entities are added based on activities that are described in Executive Order 13694 (80 FR 18077), *Blocking the Property of Certain Persons Engaging in Significant Malicious Cyber-Enabled Activities*, issued by the President on April 1, 2015 and amended on December 29, 2016.

As originally issued in April 2015, Executive Order 13694 created a new, targeted authority for the U.S. government to respond more effectively to the most significant of cyber threats, particularly in situations where malicious cyber actors operate beyond the reach of existing authorities, focusing on cyber-enabled malicious activities. Executive Order 13694 authorized the imposition of sanctions on individuals and entities determined to be responsible for or complicit in malicious cyber-enabled activities that result in enumerated harms that are reasonably likely to result in, or have materially contributed to, a significant threat to the national security, foreign policy, or economic health or financial stability of the United States. Under Section 8 of the Executive Order 13694, all agencies of the United States Government are directed to take all appropriate measures within their authority to carry out the provisions of the Order.

On December 29, 2016, the President issued an Executive Order *Taking Additional Steps To Address The National Emergency With Respect To Significant Malicious Cyber-Enabled Activities*, which amended Executive Order 13694. With this action, the existing authorities have been amended to also allow for the imposition of sanctions on individuals and entities determined to be responsible for tampering, altering, or causing the misappropriation of information with the purpose or effect of interfering with or undermining election processes or institutions. Five entities and four individuals are identified in the Annex of the amended Executive Order and have been added to OFAC's list of Specially Designated Nationals and Blocked Persons (SDN List). OFAC also designated an additional two individuals who also were added to the SDN List.

BIS, pursuant to Executive Order 13694, as amended, and in consultation with the Departments of State, Defense, Energy, and the Treasury, has designated the five entities specified in the next three paragraphs.

The Main Intelligence Directorate (a.k.a., the following two aliases: Glavnoe Razvedyvatel'noe Upravlenie; *and* GRU) is involved in external collection using human intelligence officers and a variety of technical tools, and is designated for tampering, altering, or causing a misappropriation of information with the purpose or effect of interfering with the 2016 U.S. election processes.

The Federal Security Service (FSB), (f.k.a., Esage Lab) a.k.a., Federalnaya Sluzhba Bezopasnosti, assisted the GRU in conducting the activities described above.

There were also three other entities involved: (1) the Special Technology Center, (a.k.a., STLC, Ltd.) assisted the GRU in conducting signals intelligence operations; (2) Zorsecurity Center (a.k.a., Esage Lab) provided the GRU with technical research and development; and (3) the Autonomous Noncommercial Organization Professional Association of Designers of Data Processing Systems (a.k.a., ANO PO KSI) provided specialized training to the GRU.

With these additions, BIS imposes on these entities a license requirement for exports, reexports, or transfers (in-country) of all items subject to the EAR and a license review policy of presumption of denial. The license requirement applies to any transaction in which items are to be exported, reexported, or transferred (in-country) to any of the entities or in which such entities act as purchaser, intermediate consignee, ultimate consignee, or end-user. In addition, no license exceptions are available for exports, reexports, or transfers (in-country) to the persons being added to the Entity List in this rule. This license requirement implements an appropriate measure within the authority of the EAR to carry out the provisions of Executive Order 13694.

This final rule adds the following five entities to the Entity List:

## **Russia**

(1) Autonomous Noncommercial Organization Professional Association of Designers of Data Processing Systems, a.k.a., the following one alias:

-ANO PO KSI.

Prospekt Mira D 68, Str 1A, Moscow 129110, Russia; *and* Dom 3, Lazurnaya Ulitsa, Solnechnogorskiy Raion, Andreyevka, Moscow Region 141551, Russia;

(2) Federal Security Service (FSB), a.k.a., the following one alias:

-Federalnaya Sluzhba Bezopasnosti.

Ulitsa Kuznetskiy Most, Dom 22, Moscow 107031, Russia; *and* Lubyanskaya Ploschad, Dom 2, Moscow 107031, Russia;

(3) Main Intelligence Directorate, a.k.a., the following three aliases

-Glavnoe Razvedyvatel'noe Upravlenie;

-GRU; *and*

-Main Intelligence Department.

Khoroshevskoye Shosse 76, Khodinka, Moscow, Russia; *and* Ministry of Defence of the Russian Federation, Frunzenskaya nab., 22/2, Moscow 119160, Russia;

(4) Special Technology Center, a.k.a., the following one alias:

-STC, Ltd.

Gzhatskaya 21 k2, St. Petersburg, Russia; *and* 21-2 Gzhatskaya Street, St. Petersburg, Russia; *and*

(5) Zorsecurity Center (f.k.a., Esage Lab), a.k.a., the following one alias:

-TSOR Security.

Luzhnetskaya Embankment 2/4, Building 17, Office 444, Moscow 119270, Russia.

### **Export Administration Act**

Although the Export Administration Act expired on August 20, 2001, the President, through Executive Order 13222 of August 17, 2001, 3 CFR, 2001 Comp., p. 783 (2002), as amended by Executive Order 13637 of March 8, 2013, 78 FR 16129 (March 13, 2013) and as extended by the Notice of August 4, 2016, 81 FR 52587 (August 8, 2016), has continued the Export Administration Regulations in effect under the International Emergency Economic Powers Act. BIS continues to carry out the provisions of the Export Administration Act, as appropriate and to the extent permitted by law, pursuant to Executive Order 13222, as amended by Executive Order 13637.

### **Rulemaking Requirements**

1. Executive Orders 13563 and 12866 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This 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 OMB under control number 0694-0088, Simplified Network Application Processing System, which includes, among other things, license applications and carries a burden estimate of 43.8 minutes for a manual or electronic submission. Total burden hours associated with the PRA and OMB control number 0694-0088 are not expected to increase as a result of this rule. You may send comments regarding the collection of information associated with this rule, including suggestions for reducing the burden, to Jasmeet K. Seehra, Office of Management and Budget (OMB), by e-mail to [Jasmeet\\_K.\\_Seehra@omb.eop.gov](mailto:Jasmeet_K._Seehra@omb.eop.gov), or by fax to (202) 395-7285.

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

4. The provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, the opportunity for public comment and a delay in effective date are inapplicable because this regulation involves a military or foreign affairs function of the United States. (*See* 5 U.S.C. 553(a)(1)). BIS implements this rule to protect U.S. national security or foreign policy interests by preventing items from being exported, reexported, or transferred (in country) to the entities being added to the

Entity List. If the effective date of this rule were delayed to allow for notice and comment, then the entities being added to the Entity List by this action would continue to be able to receive items without a license and to conduct activities contrary to the national security or foreign policy interests of the United States. In addition, publishing a proposed rule would give these parties notice of the U.S. Government's intention to place them on the Entity List and would create an incentive for these persons to either accelerate their receipt of items subject to the EAR to conduct activities that are contrary to the national security or foreign policy interests of the United States, and/or to take steps to set up additional aliases, change addresses, and/or take other measures to try to limit the impact of the listing on the Entity List once a final rule is published.

Further, no other law requires that a notice of proposed rulemaking and an opportunity for public comment be given for this rule. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule by 5 U.S.C. 553, or by any other law, the analytical requirements of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, are not applicable. Accordingly, no regulatory flexibility analysis is required and none has been prepared.

#### **List of Subjects in 15 CFR Part 744**

Exports, Reporting and recordkeeping requirements, Terrorism.

For the reasons stated in the preamble, the Bureau of Industry and Security amends part 744 of the Export Administration Regulations (15 CFR parts 730–774) as follows:

**PART 744—[AMENDED]**

1. The authority citation for 15 CFR part 744 continues to read as follows:

**Authority:** 50 U.S.C. 4601 *et seq.*; 50 U.S.C. 1701 *et seq.*; 22 U.S.C. 3201 *et seq.*; 42 U.S.C. 2139a; 22 U.S.C. 7201 *et seq.*; 22 U.S.C. 7210; E.O. 12058, 43 FR 20947, 3 CFR, 1978 Comp., p. 179; E.O. 12851, 58 FR 33181, 3 CFR, 1993 Comp., p. 608; E.O. 12938, 59 FR 59099, 3 CFR, 1994 Comp., p. 950; E.O. 12947, 60 FR 5079, 3 CFR, 1995 Comp., p. 356; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; E.O. 13099, 63 FR 45167, 3 CFR, 1998 Comp., p. 208; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783; E.O. 13224, 66 FR 49079, 3 CFR, 2001 Comp., p. 786; Notice of November 12, 2015, 80 FR 70667 (November 13, 2015); Notice of January 20, 2016, 81 FR 3937 (January 22, 2016); Notice of August 4, 2016, 81 FR 52587 (August 8, 2016); Notice of September 15, 2016, 81 FR 64343 (September 19, 2016).

2. Supplement No. 4 to part 744 is amended by adding under the destination of Russia, in alphabetical order, five Russian entities.

The additions read as follows:

**Supplement No. 4 to Part 744 - Entity List**

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Country	Entity	License requirement	License review policy	Federal Register Citation
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<b>RUSSIA</b>	*****			
	Autonomous Noncommercial Organization Professional Association of Designers of Data Processing Systems, a.k.a., the following one alias: -ANO PO KSI.  Prospekt Mira D 68, Str 1A, Moscow 129110, Russia; <i>and</i> Dom 3, Lazurnaya Ulitsa, Solnechnogorskiy Raion, Andreyevka, Moscow Region 141551, Russia.	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]
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	Federal Security Service (FSB), a.k.a., the following one alias: -Federalnaya Sluzhba Bezopasnosti.  Ulitsa Kuznetskiy Most, Dom 22, Moscow 107031, Russia; <i>and</i> Lubyanskaya Ploschad, Dom 2, Moscow 107031, Russia	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]
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	<p>Main Intelligence Directorate, a.k.a., the following three aliases          -Glavnoe Razvedyvatel'noe Upravlenie;          -GRU; <i>and</i>          -Main Intelligence Department.</p> <p>Khoroshevskoye Shosse 76, Khodinka, Moscow, Russia; <i>and</i> Ministry of Defence of the Russian Federation, Frunzenskaya nab., 22/2, Moscow 119160, Russia.</p>	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]
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	<p>Special Technology Center, a.k.a., the following one alias:          -STC, Ltd.</p> <p>Gzhatskaya 21 k2, St. Petersburg, Russia; <i>and</i> 21-2 Gzhatskaya Street, St. Petersburg, Russia.</p>	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]
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	<p>Zorsecurity Center (f.k.a., Esage Lab), a.k.a., the following one alias:          -TSOR Security.</p> <p>Luzhnetskaya Embankment 2/4, Building 17, Office 444, Moscow 119270, Russia.</p>	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	82 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER]
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Dated: December 29, 2016

Eric L. Hirschhorn,

Under Secretary of Commerce for Industry and Security

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