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DEPARTMENT OF COMMERCE

Bureau of Industry and Security

15 CFR Part 744

[Docket No. 170622586-7586-01]

RIN 0694 – AH41

Removal of Certain Entities from the Entity List; and Revisions of Entries on the Entity List

AGENCY: Bureau of Industry and Security, Commerce.

ACTION: Final rule.

SUMMARY: This rule amends the Export Administration Regulations (EAR) by removing three entities under four entries from the Entity List. This rule removes one entity listed under

the destination of Australia, one entity listed under the destination of China, and one entity listed under the destinations of Iran and the United Arab Emirates from the Entity List. The one additional entry is being removed to account for one entity listed under more than one destination on the Entity List. All three of the removals are the result of requests for removal received by BIS pursuant to the section of the EAR used for requesting removal or modification of an Entity List entity and a review of information provided in the removal requests in accordance with the procedure for requesting removal or modification of an Entity List entity. Finally, this final rule modifies five existing entries on the Entity List consisting of five entries under Pakistan to provide additional or modified addresses and/or names for these persons.

DATES: This rule is effective [INSERT DATE OF PUBLICATION IN THE 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, Email: ERC@bis.doc.gov.

SUPPLEMENTARY INFORMATION:

Background

The Entity List (Supplement No. 4 to part 744) identifies entities and other persons reasonably believed to be involved, or to pose a significant risk of being or becoming involved, in activities contrary to the national security or foreign policy interests of the United States. The

EAR imposes additional license requirements on, and limits the availability of most license exceptions for, exports, reexports, and transfers (in-country) to those listed. The “license review policy” for each listed entity or other person 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* document adding entities or other persons to the Entity List. BIS places entities and other persons on the Entity List pursuant to 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), composed of representatives of the Departments of Commerce (Chair), State, Defense, Energy and, where appropriate, the Treasury, makes all decisions regarding additions to, removals from, or other modifications to the Entity List. The ERC makes all decisions to add an entry to the Entity List by majority vote and all decisions to remove or modify an entry by unanimous vote.

ERC Entity List Decisions

Removals from the Entity List

This rule implements a decision of the ERC to remove the following three entities under four entries from the Entity List on the basis of removal requests received by BIS, as follows: Vortex Electronics, located in Australia; China National Commercial New Tone Trading Company Ltd., located in China; and FIMCO FZE, located in Iran and the United Arab Emirates (U.A.E.) (which accounts for two of the entries this final rule removes). The entry for Vortex Electronics was added to the Entity List on September 18, 2014 (*see* 79 FR 56003). The entry for China National Commercial New Tone Trading Company Ltd was added to the Entity List on July 28,

2015 (*see* 80 FR 44849). The two entries for FIMCO FZE were added to the Entity List on August 1, 2014 (*see* 79 FR 44683).

The ERC decided to remove these three entities under four entries based on information received by BIS pursuant to § 744.16 of the EAR and further review conducted by the ERC.

This final rule implements the decision to remove the following one entity located in Australia, one entity located in China, and one entity located in Iran and the U.A.E. from the Entity List:

Australia

(1) Vortex Electronics,
125 Walker Street, Quakers Hill, NSW 2763, Australia.

China

(1) China National Commercial New Tone Trading Company Ltd.,
Room 616, 2nd Building, No. 45 Fuxingmennei St, Beijing, China, 100801; *and*
No. 45 Fuxing Mennei Avenue, Xicheng District, Beijing, China, 100801.

Iran

(1) FIMCO FZE,
No. 3, Rahim Salehi Alley, Akbari St., Roomi Bridge, Dr. Shariati Ave, P.O. Box 3379, Tehran,
Iran 3379/19395 (See alternate address under U.A.E.).

United Arab Emirates

(1) FIMCO FZE,

LOB 16, F16401, P.O. Box 61342, JAFZ, U.A.E. (See alternate addresses under Iran).

The removal of the entities referenced above, which was approved by the ERC, eliminates the existing license requirements in Supplement No. 4 to part 744 for exports, reexports and transfers (in-country) to these entities. However, the removal of these entities from the Entity List does not relieve persons of other obligations under part 744 of the EAR or under other parts of the EAR. Neither the removal of an entity from the Entity List nor the removal of Entity List-based license requirements relieves persons of their obligations under General Prohibition 5 in § 736.2(b)(5) of the EAR which provides that, “you may not, without a license, knowingly export or reexport any item subject to the EAR to an end-user or end-use that is prohibited by part 744 of the EAR.” Additionally, this removal does not relieve persons of their obligation to apply for export, reexport or in-country transfer licenses required by other provisions of the EAR. BIS strongly urges the use of Supplement No. 3 to part 732 of the EAR, “BIS’s ‘Know Your Customer’ Guidance and Red Flags,” when persons are involved in transactions that are subject to the EAR.

Modifications to the Entity List

This final rule implements decisions of the ERC to modify five existing entries on the Entity List. Under the destination of Pakistan, the ERC made a determination to revise five

entries, as follows: revise one address and add three additional addresses to the entry for IKAN Engineering Services; correct the spelling of the name of an entry from Imam Group to Iman Group; revise the address to the entry for Interscan; revise the address for the entry for Makkays Hi-Tech Systems; and revise the address to the entry for Micado.

This final rule makes the following modifications to five entries on the Entity List:

Pakistan

(1) IKAN Engineering Services, a.k.a., the following one alias:

-IKAN Sourcing.

34-KM Shamki Bhattian Multan Road, Lahore, Pakistan; and Plot 7, 1-11/3 Markaz, Islamabad, Pakistan; and Building #7, #9 Sanitary Market I-11/3 Islamabad, Pakistan; and House #B-4, Block-F Gulshane-Jamal, Karachi, Pakistan; and 84/L Shah Rukn-e-Alam Colony Multan, Pakistan;

(2) Iman Group, a.k.a., the following one alias:

-Pana Communication Inc.

Plot No. 227, St. No. 7, Sector I-9/2, Industrial Area, Near Dry Port, Islamabad, Pakistan; and 70-East A.A. Plaza, Mezz. Floor Blue Area, Islamabad 44000, Capital, Pakistan;

(3) Interscan,

Sattar Villa B, 32/1-C-1 Block-6, P.E.C.H.S., Karachi 75400i, Sindh, Pakistan;

(4) Makkays Hi-Tech Systems, a.k.a., the following one alias:

-Zaib Electronics.

Block 14 Civic Centre, G-6 Markaz, Islamabad, Pakistan; and Kulsum Plaza, 42 Jinnah Avenue, Islamabad, Pakistan; and Basement Khyber Plaza, Barma Town, near Barma Bridge, Lehtrar Road, Islamabad, Pakistan; and House No. 675, Street No. 19, G-9/3, Islamabad, Pakistan; and

(5) Micado,

40-C, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, Sindh, Pakistan.

Export Administration Act of 1979

Although the Export Administration Act of 1979 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 15, 2017, 82 FR 39005 (August 16, 2017), 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 of 1979, 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. This rule is not an Executive Order 13771 regulatory action because this rule is not significant under 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, 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. For the three entities under four entries removed from the Entity List in this final rule, pursuant to the Administrative Procedure Act (APA), 5 U.S.C. 553(b)(3)(B), BIS finds good cause to waive requirements that this rule be subject to notice and the opportunity for public comment because it would be contrary to the public interest.

In determining whether to grant a request for removal from the Entity List, a committee of U.S. Government agencies (the End-User Review Committee (ERC)) evaluates information about and commitments made by listed entities or persons requesting removal from the Entity List, the nature and terms of which are set forth in 15 CFR part 744, Supplement No. 5, as noted in 15 CFR 744.16(b). The information, commitments, and criteria for this extensive review were all established through the notice of proposed rulemaking and public comment process (72 FR 31005 (June 5, 2007) (proposed rule), and 73 FR 49311 (August 21, 2008) (final rule)). These three removals under four entries have been made within the established regulatory framework of the Entity List. If the rule were to be delayed to allow for public comment, U.S. exporters may face unnecessary economic losses as they turn away potential sales to the entities removed by this rule because the customer remained a listed person on the Entity List even after the ERC approved the removal pursuant to the rule published at 73 FR 49311 on August 21, 2008. By publishing without prior notice and comment, BIS allows the applicants to receive U.S. exports immediately because the applicants already have received approval by the ERC pursuant to 15 CFR part 744, Supplement No. 5, as noted in 15 CFR 744.16(b).

Removals from the Entity List granted by the ERC involve interagency deliberation and result from review of public and non-public sources, including sensitive law enforcement information and classified information, and the measurement of such information against the Entity List removal criteria. This information is extensively reviewed according to the criteria

for evaluating removal requests from the Entity List, as set out in 15 CFR part 744, Supplement No. 5, and 15 CFR 744.16(b). For reasons of national security, BIS is not at liberty to provide to the public detailed information on which the ERC relied to make the decisions to remove these entities. In addition, the information included in the removal request is information exchanged between the applicant and the ERC, which by law (section 12(c) of the Export Administration Act of 1979), BIS is restricted from sharing with the public. Moreover, removal requests from the Entity List contain confidential business information, which is necessary for the extensive review conducted by the U.S. Government in assessing such removal requests.

Section 553(d) of the APA generally provides that rules may not take effect earlier than thirty (30) days after they are published in the Federal Register. BIS finds good cause to waive the 30-day delay in effectiveness under 5 U.S.C. 553(d)(1) because this rule is a substantive rule which relieves a restriction. This rule's removal of three entities under four entries from the Entity List removes requirements (the Entity-List-based license requirement and limitation on use of license exceptions) on these three entities being removed from the Entity List. The rule does not impose a requirement on any other person for these removals from the Entity List. Further, no other law requires that a notice of proposed rulemaking and an opportunity for public comment be given for this final rule.

5. The Department finds that there is good cause under 5 U.S.C. 553(b)(3)(B) to waive the provisions of the Administrative Procedure Act (APA) requiring prior notice and the opportunity for public comment for the five modifications included in this rule because, as described above, they are impracticable and are contrary to the public interest. In addition, these five changes are limited to providing additional or modified addresses and/or a corrected name for these

entities on the Entity List, which will assist the public in more easily identifying these listed entities on the Entity List.

6. 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.

Accordingly, part 744 of the Export Administration Regulations (15 CFR parts 730-774) is amended as follows:

PART 744 – [AMENDED]

1. The authority citation for 15 CFR part 744 is revised 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 September 15, 2016, 81 FR 64343 (September 19, 2016); Notice of November 8, 2016, 81 FR 79379 (November 10, 2016); Notice of January 13, 2017, 82 FR 6165 (January 18, 2017); Notice of August 15, 2017, 82 FR 39005 (August 16, 2017).

2. Supplement No. 4 to part 744 is amended:

a. By removing the entry for Australia;

b. By removing, under China, one Chinese entity, “China National Commercial New Tone Trading Company Ltd, Room 616, 2nd Building, No. 45 Fuxingmennei St, Beijing, China, 100801; *and* No. 45 Fuxing Mennei Avenue, Xicheng District, Beijing, China, 100801”;

c. By removing, under Iran, one Iranian entity, “FIMCO FZE, No. 3, Rahim Salehi Alley, Akbari St., Roomi Bridge, Dr. Shariati Ave, P.O. Box 3379, Tehran, Iran 3379/19395 (See alternate address under U.A.E.)”;

d. By revising, under Pakistan, five Pakistani entities; and

e. By removing under the United Arab Emirates, one Emirati entity, “FIMCO FZE, LOB 16, F16401, P.O. Box 61342, JAFZ, U.A.E. (See alternate addresses under Iran).”

The revisions read as follows:

Supplement No. 4 to Part 744 – Entity List

| Country | Entity | License requirement | License review policy | Federal Register citation |
|----------|--------|---------------------|-----------------------|---------------------------|
| ***** | | | | |
| PAKISTAN | ***** | | | |

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|--------------|--|--|-------------------------------|--|
| | <p>IKAN Engineering Services, a.k.a., the following one alias: -IKAN Sourcing.</p> <p>34-KM Shamki Bhattian Multan Road, Lahore, Pakistan; <u>and</u> Plot 7, 1-11/3 Markaz, Islamabad, Pakistan; <u>and</u> Building #7, #9 Sanitary Market I-11/3 Islamabad, Pakistan; <u>and</u> House #B-4, Block-F Gulshane-Jamal, Karachi, Pakistan; <u>and</u> 84/L Shah Rukn-e-Alam Colony Multan, Pakistan.</p> | <p>For all items subject to the EAR. (See §744.11 of the EAR).</p> | <p>Presumption of denial.</p> | <p>79 FR 56003, 9/18/14. 82 FR [INSERT FR PAGE NUMBER], [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]</p> |
| | <p>Iman Group, a.k.a., the following one alias:- Pana Communication Inc.</p> <p>Plot No. 227, St. No. 7, Sector I-9/2, Industrial Area, Near Dry Port, Islamabad, Pakistan; <u>and</u> 70-East A.A. Plaza, Mezz. Floor Blue Area, Islamabad 44000, Capital, Pakistan.</p> | <p>For all items subject to the EAR. (See §744.11 of the EAR).</p> | <p>Presumption of denial.</p> | <p>82 FR 24245, 5/26/17. 82 FR [INSERT FR PAGE NUMBER], [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]</p> |
| | <p>Interscan,</p> <p>Sattar Villa B, 32/1-C-1 Block-6, P.E.C.H.S., Karachi 75400i, Sindh, Pakistan.</p> | <p>For all items subject to the EAR. (See §744.11 of the EAR).</p> | <p>Presumption of denial.</p> | <p>82 FR 24245, 5/26/17. 82 FR [INSERT FR PAGE NUMBER], [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]</p> |
| <p>*****</p> | | | | |
| | <p>Makkays Hi-Tech Systems, a.k.a., the following one alias: -Zaib Electronics.</p> <p>Block 14 Civic Centre, G-6 Markaz, Islamabad, Pakistan; <u>and</u> Kulsum Plaza, 42 Jinnah Avenue,</p> | <p>For all items subject to the EAR. (See §744.11 of the EAR).</p> | <p>Presumption of denial.</p> | <p>82 FR 24245, 5/26/17. 82 FR [INSERT FR PAGE NUMBER], [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]</p> |

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|-------|---|---|------------------------|--|
| | Islamabad, Pakistan; <i>and</i> Basement Khyber Plaza, Barma Town, near Barma Bridge, Lehtrar Road, Islamabad, Pakistan; <i>and</i> House No. 675, Street No. 19, G-9/3, Islamabad, Pakistan. | | | |
| ***** | | | | |
| | Micado, 40-C, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, Sindh, Pakistan. | For all items subject to the EAR. (See §744.11 of the EAR). | Presumption of denial. | 82 FR 24245, 5/26/17. 82 FR [INSERT FR PAGE NUMBER], [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER] |
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| ***** | | | | |

Dated: September 19, 2017.

Richard E. Ashooh,

Assistant Secretary

for Export Administration.

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