



## DEPARTMENT OF COMMERCE

### Bureau of Industry and Security

#### 15 CFR Part 744

[Docket No. 210707-0145]

RIN 0694-AI53

### Addition of Entities and Revision of Entry on the Entity List

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

**ACTION:** Final rule.

**SUMMARY:** In this rule, the Bureau of Industry and Security (BIS) amends the Export Administration Regulations (EAR) by adding six entities to the Entity List. These six entities, all of which are being added under the destination of Russia, have been determined by the U.S. Government to be acting contrary to the national security or foreign policy interests of the United States and are being added consistent with Executive Order 14024, *Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation*, issued on April 15, 2021. This rule also corrects one existing entry 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, Fax: (202) 482-3911, E-mail: [ERC@bis.doc.gov](mailto:ERC@bis.doc.gov).

## **SUPPLEMENTARY INFORMATION:**

### **Background**

The Entity List (supplement no. 4 to part 744 of the EAR) identifies entities for which there is reasonable cause to believe, based on specific and articulable facts, that the entities have been involved, are involved, or 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 (15 CFR parts 730-774) impose additional license requirements on, and limit the availability of most license exceptions for, exports, reexports, and transfers (in-country) to listed entities. 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 relevant *Federal Register* document adding entities to the Entity List. BIS places entities on the Entity List pursuant to 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 and the MEU List. The ERC makes all decisions to add an entry to the Entity List and MEU List by majority vote and all decisions to remove or modify an entry by unanimous vote. The Departments represented on the ERC approved these changes to the Entity List.

### **Entity List Decisions**

#### *A. Entity Additions Consistent With Executive Order 14024*

In this final rule, six entities are added to the Entity List on the basis of activities that are described in Executive Order (E.O.) 14024 (86 FR 20249, April 19, 2021), *Blocking Property*

*With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation*, issued on April 15, 2021. In E.O. 14024, the President found that specified harmful foreign activities of the Russian government constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. In issuing E.O. 14024, the President declared a national emergency to deal with this threat.

E.O. 14024 elevates the U.S. government's capacity to deploy strategic and economically impactful sanctions to deter and respond to Russia's destabilizing behavior and to counter Russia's harmful foreign activities that threaten the national security and foreign policy of the United States, including: undermining the conduct of free and fair elections and democratic institutions in the United States and its allies and partners; engaging in and facilitating malicious cyber activities against the United States and its allies and partners that threaten the free flow of information; fostering and using transnational corruption to influence foreign governments; pursuing extraterritorial activities targeting dissidents or journalists; undermining security in countries and regions important to the United States' national security; and violating well-established principles of international law, including respect for the territorial integrity of states. To address these threats, E.O. 14024 authorizes sanctions on a wide range of persons, including, among others, those operating in the technology and defense and related materiel sectors of the Russian economy and in any additional sectors of the Russian economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State.

The Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated the following six entities as being within the scope of E.O. 14024: Aktsionernoe Obshchestvo AST; Aktsionernoe Obshchestvo Pasit; Aktsionernoe Obshchestvo Pozitiv Teknologzhiz; Federal State Autonomous Institution Military Innovative Technopolis Era; Federal State Autonomous Scientific Establishment Scientific Research Institute Specialized Security Computing Devices and Automation; and Obshchestvo S Ogranichennoi

Otvetstvennostyu NEOBIT. OFAC's first use of E.O. 14024 targeted companies operating in the technology sector of the Russian economy that support Russian intelligence services.

In conjunction with OFAC's designation, BIS is taking concurrent action to ensure the efficacy of existing sanctions on Russia that target aggressive and harmful activities by the Russian government. BIS is adding the six entities designated by OFAC – Aktsionernoe Obshchestvo AST; Aktsionernoe Obshchestvo Pasit; Aktsionernoe Obshchestvo Pozitiv Teknolodzhiz; Federal State Autonomous Institution Military Innovative Technopolis Era; Federal State Autonomous Scientific Establishment Scientific Research Institute Specialized Security Computing Devices and Automation; and Obshchestvo S Ogranichennoi Otvetstvennostyu NEOBIT – to the Entity List, and is imposing a license requirement for exports, reexports, or transfers (in-country) of all items subject to the EAR to these blocked persons. This concurrent action by BIS will complement the actions already taken by OFAC by ensuring that U.S. sanctions on these entities will apply to all items subject to the EAR regardless of whether a U.S. person is involved in the transaction or whether the transaction involves the U.S. financial system. BIS imposes a license review policy of a presumption of denial for these six entities. 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 E.O. 14024.

## **RUSSIA**

- Aktsionernoe Obshchestvo AST;
- Aktsionernoe Obshchestvo Pasit;
- Aktsionernoe Obshchestvo Pozitiv Teknolodzhiz;
- Federal State Autonomous Institution Military Innovative Technopolis Era;

- Federal State Autonomous Scientific Establishment Scientific Research Institute Specialized Security Computing Devices and Automation; and
- Obshchestvo S Ogranichennoi Otvetstvennostyu NEOBIT.

#### *B. Correction to the Entity List*

This final rule implements a correction to one existing entry on the Entity List under Russia. The correction is for the entity, Federal Security Service (FSB). This entity was added to the EAR on January 4, 2017 (82 FR 724, January 4, 2017). The License Requirement for this entity applies to all items subject to the EAR, apart from items that are related to transactions that are authorized by OFAC pursuant to their February 2, 2017, General License No. 1 (“Authorizing Certain Transactions with the Federal Security Service”). Effective March 2, 2021, General License No. 1A, dated March 15, 2018, was replaced and superseded in its entirety by General License No. 1B (“Authorizing Certain Transactions with the Federal Security Service”). This final rule corrects the existing entry’s License Requirement column by inserting General License 1B for reference to OFAC’s General License No. 1, and amends the effective date from February 2, 2017, to the current effective date of March 2, 2021.

#### *Savings Clause*

Shipments of items removed from eligibility for a License Exception or export, reexport, or transfer (in-country) without a license (NLR) as a result of this regulatory action that were en route aboard a carrier to a port of export, reexport, or transfer (in-country), on [INSERT DATE OF PUBLICATION IN FEDERAL REGISTER], pursuant to actual orders for export, reexport, or transfer (in-country) to or within a foreign destination, may proceed to that destination under the previous eligibility for a License Exception or export, reexport, or transfer (in-country) without a license (NLR).

On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which included the Export Control Reform Act of 2018 (ECRA) (50 U.S.C. 4801-4852). ECRA provides the legal basis for BIS's principal authorities and serves as the authority under which BIS issues this rule.

### **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). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This final rule has been designated to be not significant for purposes of E.O. 12866.
2. Notwithstanding any other provision of law, no person is required to respond to or 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 29.6 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.
3. This rule does not contain policies with federalism implications as that term is defined in E.O. 13132.

4. Pursuant to section 1762 of ECRA (*see* 50 U.S.C. 4821), this action is exempt from the Administrative Procedure Act (5 U.S.C. 553) requirements for notice of proposed rulemaking, opportunity for public participation, and delay in effective date.

5. 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 part 744 continues to read as follows:

**Authority:** 50 U.S.C. 4801–4852; 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. 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 18, 2020, 85 FR 59641 (September 22, 2020); Notice of November 12, 2020, 85 FR 72897 (November 13, 2020).

2. Supplement No. 4 to part 744 is amended in the table under RUSSIA:

- a. By adding in alphabetical order entries for “Aksionernoe Obshchestvo AST”, “Aksionernoe Obshchestvo Pasit”, and “Aksionernoe Obshchestvo Pozitiv Teknolodzhiz”;
- b. By revising the entry for “Federal Security Service (FSB)”;
- c. By adding in alphabetical order entries for “Federal State Autonomous Institution Military Innovative Technopolis Era”, “Federal State Autonomous Scientific Establishment Scientific Research Institute Specialized Security Computing Devices and Automation”, and “Obshchestvo S Ogranichennoi Otvetstvennostyu NEOBIT”.

The additions and revision 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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RUSSIA	***** Aksionernoe Obshchestvo AST, a.k.a., the following one alias: -Advanced Systems Technology, AO.  d. 3k2 str. 4 etazh 5 kom. 55, shosse Kashirskoe, Moscow 115230, Russia.	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	86 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].
	Aksionernoe Obshchestvo Pasit, a.k.a., the following one alias: -Pasit, AO.  Avenue Leninsky, Building 30, Premise IA, Moscow, 11934, Russia.	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	86 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].
	Aksionernoe Obshchestvo Pozitiv Teknolodzhiz, a.k.a., the following two aliases: -JSC Positive Technologies;	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	86 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].



	<i>and</i> -Pozitiv Teknologzhiz, AO.  d. 23A pom. V kom, 30, shosse Shchelkovskoe, Moscow, 107241, Russia.			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), apart from items that are related to transactions that are authorized by the Department of the Treasury's Office of Foreign Assets Control pursuant to General License No. 1B of March 2, 2021.	Presumption of denial.	82 FR 724, 1/4/17. 82 FR 18219, 4/18/17. 86 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].
	Federal State Autonomous Institution Military Innovative Technopolis Era, a.k.a., the following two aliases: -ERA Military Innovation Technopolis; <i>and</i> -FGAU VIT ERA.  Pionerskiy Prospekt, 41 Anapa Krasnodar Krai 353456, Russia.	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	86 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].
	Federal State Autonomous Scientific Establishment Scientific Research Institute Specialized Security Computing Devices and Automation, a.k.a., the following one alias: -FGANU NII Specvuzavtomatika.  Rostov-On-Don, Russia.	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	86 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].
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	Obshchestvo S Ogranichennoi Otvettvennostyu NEOBIT, a.k.a., the following one alias: -NEOBIT, OOO.  d. 21 litera G, ul. Gzhatskaya, St. Petersburg, 195220, Russia.	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	86 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].
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**Matthew S. Borman,**

*Deputy Assistant Secretary for Export Administration.*

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