



July 02, 2018

United States Department of Commerce
Bureau of Industry and Security
Office of Exporter Services
15 C.F.R. § 764.3(a)(2) Authorization Regarding the ZTE Denial Order

On April 15, 2018, pursuant to § 764.3(a)(2) of the Export Administration Regulations (“EAR”),¹ the Bureau of Industry and Security (“BIS”) issued a Denial Order against Zhongxing Telecommunications Equipment Corporation, of Shenzhen, China (“ZTE Corporation”) and ZTE Kangxun Telecommunications Ltd. of Hi-New Shenzhen, China (“ZTE Kangxun”) (collectively, “ZTE”), hereinafter the “April 15, 2018 Order” or the “Order.” The April 15, 2018 Order went into effect immediately, and remains in full force and effect.² BIS has received a number of requests for authorization under § 764.3(a)(2) of the EAR to engage in conduct otherwise prohibited by the April 15, 2018 Order.

Pursuant to § 764.3(a)(2) of the EAR, BIS hereby grants this general authorization for all persons, except those located in Country Group E countries,³ to engage in the transactions described below, subject to the following conditions:

- a. This authorization is effective from the date of this Authorization until August 1, 2018.
- b. This Authorization does not relieve persons of other obligations under the EAR, including but not limited to licensing requirements to the People’s Republic of China or elsewhere and/or the requirements of part 744 of the EAR. This authorization does not authorize any activities or transactions involving Country Group E countries or persons.
- c. With the exception of those explicitly authorized in this authorization, exports, reexports, transfers (in-country), activities, and transactions prohibited under the April 15, 2018 Order remain prohibited without additional written prior authorization from BIS.

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2018) (available at <https://www.govinfo.gov/app/collection/CFR>). The Regulations issued under the authority of the Export Administration Act of 1979, as amended. 50 U.S.C. §§ 4601-4623 (Supp. III 2015). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 16, 2017 (82 Fed. Reg. 39,005 (Aug. 15, 2017)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2012).


² 83 Fed. Reg. 17,644 (April 23, 2018).

³ Country Group E countries: Cuba, Iran, North Korea, Sudan, and Syria.



This Authorization allows, from July 2, 2018 until August 1, 2018, the following:

1. *Continued Operation of Existing Networks and Equipment:* BIS authorizes engagement in any transaction, subject to other provisions of the EAR, necessary to maintain and support any networks or equipment, including software updates or patches, subject to contracts and agreements executed between ZTE and third parties before April 15, 2018.
2. *Support to existing handsets:* BIS authorizes engagement in transactions, subject to other provisions of the EAR, necessary to provide service and support, including software updates or patches to ZTE phones. This authorization is limited to models of ZTE phones that were available to the public on or before April 15, 2018.
3. *Cybersecurity Research and Vulnerability Disclosure:* BIS authorizes, subject to other provisions in the EAR, the disclosure to ZTE of information regarding security vulnerabilities in items owned, possessed, or controlled by ZTE when related to the process of providing ongoing security research critical to maintaining the integrity and reliability of communications networks and equipment.
4. *Limited Transfer of Funds:* BIS authorizes parties to make and receive payment to or from ZTE for transactions and activities lawful pursuant to this authorization.



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