U.S. DEPARTMENT OF THE TREASURY

U.S. DEPARTMENT OF STATE

GUIDANCE RELATING TO THE LIFTING OF CERTAIN U.S. SANCTIONS PURSUANT TO THE JOINT COMPREHENSIVE PLAN OF ACTION ON IMPLEMENTATION DAY

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This document is explanatory only and does not have the force of law. Please see particularly the legally binding provisions cited below governing the sanctions. This document does not supplement or modify the statutory authorities, Executive orders, or regulations.

Background

On July 14, 2015, the P5+1 (China, France, Germany, Russia, the United Kingdom, and the United States), the European Union (EU), and Iran reached a Joint Comprehensive Plan of Action (JCPOA) to ensure that Iran's nuclear program will be exclusively peaceful. The JCPOA builds on the foundation of the Joint Plan of Action (JPOA) of November 24, 2013, and the political framework announced in Lausanne on April 2, 2015.

On January 16, 2016, upon confirmation by the Secretary of State that the International Atomic Energy Agency (IAEA) had verified that Iran had implemented the nuclear-related measures described in sections 15.1 to 15.11 of Annex V of the JCPOA, the United States lifted the U.S. nuclear-related sanctions described in sections 17.1 to 17.2 of Annex V of the JCPOA.¹ Consequently, January 16, 2016 is the day referred to as "Implementation Day" in paragraph 34.iii of the Main Text of the JCPOA.² The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has updated its website to notify the public of certain steps the United States has taken to fulfill Implementation Day sanctions commitments.

As set out in sections 4.1 to 4.7 of Annex II and section 17.1 to 17.2 of Annex V of the JCPOA, the United States government (USG) has lifted nuclear-related secondary sanctions³ on: Iran's financial, banking, energy, petrochemical, shipping, shipbuilding, and automotive sectors; Iran's port operators; the provision of insurance, re-insurance and underwriting services in connection with activities that are consistent with the JCPOA; Iran's trade in gold and other precious metals; trade with Iran in graphite, raw or semi-finished metals such as aluminum and steel, coal, and certain software in connection with activities that are consistent with the JCPOA; and the provision of associated services for each of the categories above. As set out in section 4.8.1 of Annex II and section 17.3 of Annex V of the JCPOA, the USG also removed the individuals and entities listed in Attachment 3 to Annex II of the JCPOA from OFAC's List of Specially Designated Nationals and Blocked Persons (SDN List), Foreign Sanctions Evaders List (FSE List), and/or Non-SDN Iran Sanctions Act List (NS-ISA List), as appropriate.

In addition, as set out in section 5 of Annex II and section 17.5 of Annex V of the JCPOA, on Implementation Day, the USG took steps to: (i) allow for the export, reexport, sale, lease or transfer of commercial passenger aircraft and related parts and services to Iran for exclusively civil, commercial passenger aviation end-use; (ii) license non-U.S. entities that are owned or controlled by a U.S. person ("U.S.-owned or -controlled foreign entities") to engage in activities

¹ Upon reaching Implementation Day, the EU gave effect to its commitment to lift sanctions as set out in section 16 of Annex V of the JCPOA. In addition, the provisions of United Nations Security Council Resolutions (UNSCR) 1696, 1737, 1747, 1803, 1835, 1929, and 2224 were terminated (subject to re-imposition in the event of significant nonperformance by Iran of JCPOA commitments), although certain restrictions related to nuclear-, conventional arms-, and ballistic missile-related activities will be applied under UNSCR 2231 of July 20, 2015, which endorsed the JCPOA.

 $^{^{2}}$ On Implementation Day, the Joint Plan of Action of November 24, 2013, as extended (JPOA), ceased to be in effect, and the temporary suspension of certain sanctions under that arrangement was superseded by the relevant sanctions lifting provided as part of the JCPOA.

³ Secondary sanctions generally are directed toward non-U.S. persons for specified conduct involving Iran that occurs entirely outside of U.S. jurisdiction and does not involve U.S. persons.

that are consistent with the JCPOA and applicable U.S. laws and regulations; and (iii) license the importation into the United States of Iranian-origin carpets and foodstuffs, including pistachios and caviar. With the exception of the three categories of activities described above, none of the sanctions-related commitments outlined in this guidance apply to U.S. persons, and U.S. persons, including U.S. companies, continue to be broadly prohibited from engaging in transactions or dealings with Iran and the Government of Iran unless such activities are exempt from regulation or authorized by OFAC.⁴

To implement the commitments under sections 17.1 to 17.5 of Annex V of the JCPOA, the USG: (i) issued, on Adoption Day,⁵ waivers of relevant statutory sanctions authorities, which became effective on Implementation Day; (ii) removed, on Implementation Day, the individuals and entities set out in Attachment 3 to Annex II of the JCPOA from the SDN List, FSE List, and/or NS-ISA List, as appropriate; (iii) issued, on Implementation Day, an Executive order (E.O.) that revoked E.O.s 13574, 13590, 13622 and 13645, and sections 5-7 and 15 of E.O. 13628; and (iv) issued, on Implementation Day, a Statement of Licensing Policy and two general licenses.

After Implementation Day, the next major milestone in the JCPOA is Transition Day. Transition Day will occur 8 years from Adoption Day or upon a report from the Director General of the IAEA to the IAEA Board of Governors and in parallel to the United Nations Security Council (UNSC) stating that the IAEA has reached the Broader Conclusion that all nuclear material in Iran remains in peaceful activities, whichever is earlier. As set out in section 21 of Annex V of the JCPOA, on Transition Day, the USG will seek to terminate, or modify to effectuate the termination of, relevant statutory provisions set forth in sections 4.1 to 4.7 and 4.9 of Annex II and will remove the individuals and entities set forth in Attachment 4 to Annex II of the JCPOA from the SDN List and/or FSE List.⁶ The USG will issue additional guidance related to these commitments prior to Transition Day.

For additional information, please see section A of OFAC's <u>Frequently Asked Questions Relating</u> to the Lifting of Certain U.S. Sanctions Under the JCPOA on Implementation Day (JCPOA <u>FAQs</u>).

This guidance document is organized into seven sections. Section I contains introductory notes regarding the sanctions lifting under the JCPOA. Section II reviews the various nuclear-related secondary sanctions that were lifted on Implementation Day, explains how those sanctions were lifted, and describes the effect of the sanctions lifting. Section III addresses the sanctions list removals that occurred on Implementation Day, and what it means for parties engaging in transactions or activities with individuals and entities that were removed from the relevant

⁴ In addition, non-U.S. persons continue to be prohibited from knowingly engaging in conduct that seeks to evade U.S. restrictions on transactions or dealings with Iran or that causes the export of goods or services from the United States to Iran. *See* section VII.A.1.

⁵ "Adoption Day" under the JCPOA, which occurred on October 18, 2015, is the day on which the JCPOA became effective and the participants in the JCPOA began to make the necessary preparations to implement their JCPOA commitments.

⁶ This commitment does not impact the USG's ability under relevant statutes and E.O.s to remove persons from the relevant sanctions lists prior to Transition Day if the circumstances warrant.

sanctions lists. Section IV describes other U.S. commitments under the JCPOA, including commitments with respect to (i) exports of commercial passenger aircraft and related parts and services for commercial passenger aviation, (ii) the ability of U.S.-owned or -controlled foreign entities to engage in activities that are consistent with the JCPOA and U.S. law, and (iii) imports of Iranian-origin carpets and foodstuffs into the United States. Section V addresses the U.S. commitment to terminate four E.O.s and part of a fifth. Section VI provides an overview of the waiver determinations and findings with respect to certain statutory sanctions issued to implement U.S. Implementation Day sanctions commitments under the JCPOA. Finally, Section VII provides a list of key legal authorities that are outside the scope of the JCPOA and that remain in place after Implementation Day.

I. <u>General Notes</u>

In reviewing the JCPOA and this guidance, members of the regulated public should be aware of the following:

- The sanctions-related commitments described in the JCPOA are directed towards non-U.S. persons,⁷ and except for the commitments described in section 5 of Annex II of the JCPOA, do not apply to U.S. persons.⁸
- The sanctions commitments described in the JCPOA and this guidance do not apply to transactions that involve persons who remain or are placed on the SDN List. Transactions involving such persons remain sanctionable after Implementation Day.
- The USG commitment to lift sanctions described in the JCPOA is without prejudice to sanctions that may apply under legal provisions not included within the scope of section 4 of Annex II of the JCPOA. As further detailed in section VII below, the USG retains the authority to continue imposing sanctions under authorities not included within the scope of section 4 of Annex II, including those used to address Iran's: support for terrorism, support for persons involved in human rights abuses in Syria or for the Government of Syria, support for persons threatening the peace, security, or stability of Yemen, human rights abuses, and ballistic missile program.⁹

⁷ For the purpose of this guidance, the term "non-U.S. person" means any individual or entity excluding any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States. This definition of "non-U.S. person" therefore includes U.S.-owned or -controlled foreign entities. However, U.S.-owned or -controlled foreign entities are eligible to participate in transactions or activities subject to the sanctions lifting under the JCPOA only to the extent that the transactions or activities are exempt from regulation or authorized by OFAC.

⁸ The term "United States person" or "U.S. person" means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States. *See* 31 C.F.R. § 560.314.

⁹ For example, a transaction involving Iran that would be sanctionable under an authority that is not lifted pursuant to the JCPOA (*e.g.*, a U.S. sanctions authority relating to Yemen or Syria) remains sanctionable under that other authority after Implementation Day.

II. <u>Nuclear-related Secondary Sanctions</u>

To effectuate the lifting of the nuclear-related secondary sanctions set out in sections 4.1 to 4.7 of Annex II and sections 17.1 to 17.2 of Annex V of the JCPOA, on Implementation Day, the USG took the steps set out below.

A. Financial and Banking-related Sanctions

<u>Commitment</u>:

Section 4.1 of Annex II and section 17.1 of Annex V of the JCPOA provide for the lifting, on Implementation Day, of secondary sanctions that apply to non-U.S. persons who engage in certain financial and banking activities related to Iran. In particular, beginning on Implementation Day, the following activities by non-U.S. persons are no longer sanctionable:

- Financial and banking transactions with individuals and entities set out in Attachment 3 to Annex II of the JCPOA, including: the Central Bank of Iran (CBI) and other specified Iranian financial institutions; the National Iranian Oil Company (NIOC), the Naftiran Intertrade Company (NICO), the National Iranian Tanker Company (NITC), and other specified individuals and entities identified as the Government of Iran by OFAC; and certain designated individuals and entities that were removed from the SDN List on Implementation Day (*see* section 4.1.1 of Annex II of the JCPOA);
- Transactions involving the Iranian rial or maintaining funds or accounts outside of Iran denominated in the Iranian rial (*see* section 4.1.2 of Annex II of the JCPOA);
- Providing U.S. bank notes to the Government of Iran (*see* section 4.1.3 of Annex II of the JCPOA);
- The purchase, subscription to, or facilitation of the issuance of Iranian sovereign debt, including governmental bonds (*see* section 4.1.5 of Annex II of the JCPOA);
- Providing specialized financial messaging services to the CBI and Iranian financial institutions set out in Attachment 3 to Annex II of the JCPOA (*see* section 4.1.6 of Annex II of the JCPOA); and
- The provision of associated services¹⁰ for each of the categories above (*see* section 4.1.7 of Annex II of the JCPOA).

In addition, the USG has removed bilateral trade limitations on Iranian revenues held abroad, including limitations on their transfer (*see* section 4.1.4 of Annex II of the JCPOA).

¹⁰ For purposes of the JCPOA and this guidance, the USG interprets the term "associated services" to mean any service – including technical assistance, insurance, re-insurance, brokering, transportation, or financial service – necessary and ordinarily incident to the underlying activity for which sanctions have been lifted pursuant to the JCPOA. U.S. persons and U.S.-owned or -controlled foreign entities remain prohibited from providing associated services in connection with transactions or activities within the scope of the sanctions lifting under the JCPOA, unless the transactions or activities are exempt from regulation or authorized by OFAC. U.S.-owned or -controlled foreign entities may provide such associated services to the extent the transactions or activities are within the scope of the general license described in Section IV.B, below.

Implementation:

To effectuate the lifting of these sanctions on Implementation Day, the USG has, in addition to removing certain individuals and entities from the SDN List, FSE List, and NS-ISA List as described in section III below, taken the following steps:

1. Correspondent or Payable-Through Account Sanctions:

a. Waived the imposition of correspondent or payable-through account sanctions under: section 1245(d)(1) of the National Defense Authorization Act of Fiscal Year 2012, as amended (NDAA 2012)¹¹ (for significant financial transactions by foreign financial institutions (FFIs)¹² with the CBI)¹³; section 1244(d)(2) of the Iran Freedom and Counter-Proliferation Act of 2012 (IFCA) (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including NIOC, NITC, and the Islamic Republic of Iran Shipping Lines (IRISL)); section 1244(h)(2) of IFCA (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran of natural

¹¹ Sections 1245(d)(3) and 1245(d)(4)(C) of NDAA 2012, which clarify the scope of the sanction under section 1245(d)(1), are without effect when the sanction under 1245(d)(1) is waived.

¹² For purposes of this guidance, and as defined in 561.308 of the Iranian Financial Sanctions Regulations, 31 C.F.R. part 561 (IFSR), the term "foreign financial institution" or "FFI" means any foreign entity that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes but is not limited to depository institutions, banks, savings banks, money service businesses, trust companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, dealers in precious metals, stones, or jewels, and holding companies, affiliates, or subsidiaries of any of the foregoing.

¹³ Section 1245(d)(1) of NDAA 2012 further provides for correspondent or payable-through account sanctions for significant transactions by FFIs with Iranian financial institutions designated by the Secretary of the Treasury for the imposition of sanctions pursuant to the International Emergency Economic Powers Act ("designated Iranian financial institutions"). As noted in section VI below, the waiver of section 1245(d)(1) of NDAA 2012 issued by the Secretary of State covers transactions by FFIs with the CBI, but not with designated Iranian financial institutions. Iranian financial institutions identified as persons whose property and interests in property are blocked solely pursuant to E.O. 13599 and section 560.211 of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR), are not designated Iranian financial institutions, and section 1245(d)(1) of NDAA 2012 does not, by its terms, apply to transactions with such financial institutions. Pursuant to the U.S. commitment described in section 4.8.1 of Annex II of the JCPOA, the United States removed the designations of Iranian financial institutions listed in Attachment 3 to Annex II of the JCPOA on Implementation Day (though these institutions remain blocked pursuant to E.O. 13599 and section 560.211 of the ITSR); as a result, these Iranian financial institutions were removed from the SDN List. Following Implementation Day, the sanction under section 1245(d)(1) of NDAA 2012 only applies to significant financial transactions by FFIs with Iranian financial institutions on the SDN List, including those designated pursuant to E.O. 13224 and the Global Terrorism Sanctions Regulations, 31 C.F.R. part 594 (GTSR), or E.O. 13382 and the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 C.F.R. part 544 (WMDPSR). As of January 16, 2016, the following Iranian financial institutions are designated pursuant to E.O. 13224 and the GTSR or E.O. 13382 and the WMDPSR: Ansar Bank, Bank Saderat, Bank Saderat PLC, and Mehr Bank.

gas)¹⁴; section 1245(c) of IFCA (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of precious metals or specified materials (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes) that are within the scope of the waivers under section 1245(a)(1) of IFCA, as described in section VI below); and section 1247(a) of IFCA.¹⁵

- b. Revoked:¹⁶ E.O. 13622, including the correspondent or payable-through account sanctions under section (1)(a), as amended by section 16 of E.O. 13645 (for FFIs that conduct or facilitate transactions: with NIOC or NICO; for the purchase, acquisition, sale, transport, or marketing of petroleum or petroleum products from Iran; or for the purchase, acquisition, sale, transport, or marketing of petrochemical products from Iran); and E.O. 13645, including the correspondent or payable-through account sanctions under section 1(a) (for FFIs engaging in significant transactions related to the Iranian rial and maintaining significant funds or accounts outside the territory of Iran denominated in the Iranian rial) and subsection 3(a)(i) (for significant transactions by FFIs on behalf of any Iranian person on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).¹⁷
- c. Committed to refrain from imposing sanctions under section 561.203(a) of the Iranian Financial Sanctions Regulations, 31 C.F.R. part 561 (IFSR), for transactions by FFIs with the CBI that are consistent with the waiver of section 1245(d)(1) of NDAA 2012.

¹⁴ By its terms, section 1244(h)(2) of IFCA subjects FFIs to all sanctions available under section 1244 with respect to the sale, supply, or transfer of natural gas to or from Iran, including correspondent or payable-through account sanctions under section 1244(d)(2), blocking sanctions under section 1244(c)(1), and menu-based sanctions under section 1244(d)(1), unless bilateral trade limitations on Iranian revenues generated by such transactions are applied. To avoid repetition, and because it explicitly applies to FFIs, section 1244(h)(2) is discussed in this section focusing on correspondent or payable-through account sanctions and is not repeated in the following sections focusing on blocking sanctions.

¹⁵ After Implementation Day, it continues to be sanctionable under section 1247(a) of IFCA for FFIs to knowingly facilitate a significant financial transaction on behalf of any Iranian person on the SDN List. The relevant sanction in section 1247(a) of IFCA continues not to apply, by its terms, in the case of Iranian financial institutions blocked solely pursuant to E.O. 13599. In addition, pursuant to the commitment in section 4.8.1 of Annex II of the JCPOA and as described in section III, below, on Implementation Day, such Iranian financial institutions were removed from the SDN List. As a result of these removals, after Implementation Day, the references in sections 1244(c)(1), 1246(a)(1), and 1247(a) of IFCA to Iranian financial institutions that have not been designated for the imposition of sanctions are no longer relevant and therefore are not further discussed in this guidance.

¹⁶ Revoking the specified E.O.s and E.O. provisions as further detailed in section V below has the effect of terminating the sanctions under the relevant E.O. or E.O. provision, as appropriate.

¹⁷ Notwithstanding the revocation of E.O. 13645, section 1247(a) of IFCA remains in place and it continues to be sanctionable for FFIs to knowingly facilitate a significant financial transaction on behalf of any Iranian person on the SDN List.

2. Blocking Sanctions:

- a. Waived the imposition of blocking sanctions under section 1244(c)(1) of IFCA¹⁸ (with respect to non-U.S. persons who knowingly provide significant financial, material, technological, or other support to, or goods or services in support of any activity or transaction on behalf of or for the benefit of a person determined to be part of the energy, shipping, or shipbuilding sectors of Iran or to operate a port in Iran, or Iranian individuals or entities set forth in Attachment 3 to Annex II of the JCPOA).¹⁹
- b. Committed to refrain from imposing discretionary blocking sanctions under section 220(c) of the Iran Threat Reduction and Syria Human Rights Act of 2012 (TRA) on non-U.S. persons who knowingly and directly provide specialized financial messaging services to, or knowingly enable or facilitate direct or indirect access to such messaging services for, the CBI or any Iranian financial institution not included on the SDN List.²⁰
- c. Revoked: E.O. 13622, including the blocking sanctions under section 5(a) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, NIOC, NICO, or the CBI, or the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran); and E.O. 13645, including the blocking sanctions under section 1(a) (for FFIs engaging in significant transactions related to the Iranian rial or maintaining significant funds or accounts outside the territory of Iran denominated in the Iranian rial) and subsection 2(a)(i) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any Iranian person included on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).²¹

¹⁸ Pursuant to section 1244(c)(2)(C)(iii) of IFCA, the relevant sanction in 1244(c)(1) of IFCA continues not to apply, by its terms, in the case of Iranian financial institutions blocked solely pursuant to E.O. 13599.

¹⁹ After Implementation Day, it continues to be sanctionable under section 1244(c)(1) of IFCA for non-U.S. persons to knowingly provide significant financial, material, technological, or other support to, or goods or services in support of any activity or transaction on behalf of or for the benefit of any Iranian person on the SDN List.

²⁰ After Implementation Day, it continues to be sanctionable under section 220 of the TRA for non-U.S. persons to knowingly and directly provide specialized financial messaging services to, or knowingly enable or facilitate direct or indirect access to such messaging services for, any Iranian financial institution designated pursuant to E.O. 13382 or E.O. 13224 in connection with, respectively, Iran's proliferation of WMD and their means of delivery or Iran's support for international terrorism. In addition, persons providing, or enabling access to, such services for individuals or entities on the SDN List that are designated pursuant to E.O. 13382 or E.O. 13224 could themselves be designated under those authorities.

 $^{^{21}}$ Notwithstanding the revocation of E.O. 13645, section 1244(c)(1)(A) remains in place and it continues to be sanctionable for non-U.S. persons to knowingly provide significant financial, material, technological, or other support to, or goods or services in support of any activity or transaction on behalf of or for the benefit of any Iranian person on the SDN List.

3. Menu-based Sanctions:²²

- a. Waived the imposition of menu-based sanctions under: section 213(a) of the TRA (with respect to non-U.S. persons who purchase, subscribe to, or facilitate the issuance of sovereign debt of the Government of Iran, including governmental bonds); section 1244(d)(1) of IFCA (with respect to non-U.S. persons who knowingly sell, supply, or transfer to or from Iran significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including NIOC, NITC, and IRISL); sections 1245(a)(1)(A) and 1245(a)(1)(C)(i)(II) of IFCA (with respect to non-U.S. persons who sell, supply, or transfer to or from Iran precious metals or specified materials (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes), subject to certain limitations as described in section VI.A.6 below); and section 1246(a) of IFCA²³ (for non-U.S. persons who provide underwriting services, insurance, or reinsurance in connection with activities involving Iran that are described in sections 17.1 to17.2 and 17.5 of Annex V of the JCPOA, or to or for any individual or entity whose property and interests in property are blocked solely pursuant to E.O. 13599).
- b. Revoked E.O. 13622, including the menu-based sanctions under section 2(a)(i)-(iii), as amended by section 16 of E.O. 13645 (for persons engaging in significant transactions for the purchase, acquisition, sale, transport, or marketing of petroleum, petroleum products, and petrochemical products from Iran and successor entities of such non-U.S. persons).

Sanctions under CISADA Section 104(c)(2)(E)(ii)(I). Finally, as described in section III below, correspondent and payable-through account sanctions under section 104(c)(2)(E)(ii)(I) of the Comprehensive Iran Sanctions and Divestment Act of 2010, as amended (CISADA) (for FFIs that knowingly facilitate a significant transaction or transactions or provide significant financial services for a person whose property or interests in property are blocked in connection with Iran's proliferation of WMD or their means of delivery) will no longer apply to such transactions or services for Iranian financial institutions included on Attachment 3 to Annex II of the JCPOA.²⁴

²² Certain sanctions authorities, including the Iran Sanctions Act of 1996, as amended (ISA), prescribe a menu of sanctions that the USG may impose in response to certain conduct specified in the authority. For the purposes of this guidance, such sanctions are termed "menu-based sanctions."

 $^{^{23}}$ Pursuant to section 1246(a)(1)(C) of IFCA, the relevant sanction in 1246(a)(1) continues not to apply, by its terms, in the case of Iranian financial institutions blocked solely pursuant to E.O. 13599.

 $^{^{24}}$ Following Implementation Day, section 104(c)(2)(E)(ii)(I) of CISADA continues to apply to FFIs that knowingly facilitate a significant transaction or transactions or provide significant financial services for a person whose property or interests in property are blocked in connection with Iran's proliferation of WMD or their means of delivery. In addition, after Implementation Day, correspondent and payable-through account sanctions under section 104(c)(2)(E)(ii)(II) of CISADA continue to apply to FFIs that knowingly facilitate a significant transaction or transactions or provide significant financial services for a person whose property or interests in property are blocked in connection with Iran's property or interests in property are blocked in connection with Iran's support for international terrorism.

See section III for an overview of the sanctions list removals that occurred on Implementation Day and section VI for an overview of the waiver determinations and findings issued in connection with the JCPOA.

Effects of the lifting of the financial and banking-related sanctions:²⁵

As a result of the lifting of sanctions specified in sections 4.1.1 to 4.1.7 of Annex II and section 17.1 of Annex V of the JCPOA and described in this section, beginning on Implementation Day such sanctions, including sanctions on associated services, do not apply to non-U.S. persons who engage in activities, including financial and banking transactions, with the Government of Iran, the CBI, Iranian financial institutions, and other Iranian persons specified in Attachment 3 to Annex II of the JCPOA, including the provision of loans, transfers, accounts (including the opening and maintenance of correspondent and payable-through accounts at non-U.S. financial institutions), investments, securities, guarantees, foreign exchange (including Iranian rial-related transactions), letters of credit and commodity futures or options, the provision of specialized financial messaging services and facilitation of direct or indirect access thereto, the purchase or acquisition by the GOI of U.S. bank notes, and the purchase, subscription to, or facilitation of the issuance of Iranian sovereign debt.²⁶

For additional information on the financial and banking-related sanctions lifting discussed in this subsection, please see section C of the <u>JCPOA FAQs</u>.

B. Sanctions Related to Insurance

Commitment:

Section 4.2 of Annex II and section 17.1 of Annex V of the JCPOA provide for the lifting, on Implementation Day, of secondary sanctions that apply to non-U.S. persons who provide underwriting services, insurance, or re-insurance in connection with activities consistent with the JCPOA, including activities with individuals and entities set forth in Attachment 3 to Annex II of the JCPOA.

Implementation:

To effectuate the lifting of these sanctions on Implementation Day, the USG, in addition to removing certain individuals and entities from the SDN List, FSE List, and NS-ISA List as described in section III below, took the following steps:

 $^{^{25}}$ For the purposes of the lifting of sanctions set out in sections 4.1.1 to 4.1.7 of Annex II and section 17.1 of Annex V of the JCPOA, the effects described for non-U.S. financial institutions extend to the activities outside of U.S. jurisdiction of international financial institutions, including those identified in 22 U.S.C. § 262r(c)(2).

²⁶ Non-U.S., non-Iranian financial institutions engaging in transactions with Iranian financial institutions (including the CBI) not appearing on the SDN List will not be exposed to sanctions as a result of those Iranian financial institutions engaging in transactions or banking relationships involving Iranian individuals and entities, including financial institutions, on the SDN List, provided that the non-U.S., non-Iranian financial institution does not conduct or facilitate, and is not otherwise involved in, those specific transactions or banking relationships with the Iranian individuals and entities, including financial institutions, on the SDN List.

1. Correspondent or Payable-Through Account Sanctions:

- a. Waived the imposition of correspondent or payable-through account sanctions under: section 1245(d)(1) of NDAA 2012 (for significant financial transactions by FFIs with the CBI)²⁷; section 1244(d)(2) of IFCA (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including NIOC, NITC, and IRISL); and section 1247(a) of IFCA.²⁸
- b. Revoked E.O. 13645, including the correspondent or payable-through account sanctions under subsection 3(a)(i) (for significant transactions by FFIs on behalf of any Iranian person on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).²⁹
- c. Committed to refrain from imposing sanctions under sections 561.203(a) of the Iranian Financial Sanctions Regulations, 31 C.F.R. part 561 (IFSR), for transactions by FFIs with the CBI that are consistent with the waiver of section 1245(d)(1) of NDAA 2012.

2. Blocking Sanctions:

- a. Waived the imposition of blocking sanctions under section 1244(c)(1) of IFCA³⁰ (with respect to non-U.S. persons who knowingly provide significant financial, material, technological, or other support to, or goods or services in support of any activity or transaction on behalf of or for the benefit of a person determined to be part of the energy, shipping, or shipbuilding sectors of Iran or to operate a port in Iran, or Iranian individuals or entities set forth in Attachment 3 to Annex II of the JCPOA).³¹
- b. Revoked: E.O. 13622, including the blocking sanctions under section 5(a) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, NIOC, NICO, or the CBI, or the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran); and E.O. 13645, including the blocking sanctions under subsection 2(a)(i) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any Iranian person included on the SDN

²⁷ See supra note 11.

²⁸ See supra note 15.

²⁹ See supra note 17.

³⁰ See supra note 18.

³¹ See supra note 19.

List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).³²

3. Menu-based Sanctions:

a. Waived the imposition of menu-based sanctions under: section 5(a)(7) of ISA (with respect to non-U.S. persons who own, operate, or control, or insure a vessel used to transport crude oil from Iran to another country); section 212(a) of the TRA (with respect to non-U.S. persons who knowingly provide underwriting services or insurance or reinsurance for NIOC, NITC, or a successor entity to either company, in cases where the transactions are for activities described in sections 4.2.1, 4.3, and 4.4 of Annex II of the JCPOA); section 1244(d)(1) of IFCA (with respect to non-U.S. persons who knowingly sell, supply, or transfer to or from Iran significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including NIOC, NITC, and IRISL); and section 1246(a) of IFCA³³ (for non-U.S. persons who provide underwriting services, insurance, or reinsurance in connection with activities involving Iran that are described in sections 17.1 to 17.2 and 17.5 of Annex V of the JCPOA, or to or for any individual or entity whose property and interests in property are blocked solely pursuant to E.O. 13599).

See section III for an overview of the sanctions list removals that occurred on Implementation Day and section VI for an overview of the waiver determinations and findings issued in connection with the JCPOA.

Effects of the lifting of sanctions related to insurance services:

As a result of the lifting of sanctions specified in section 4.2 of Annex II and section 17.1 of Annex V of the JCPOA and described in this section, beginning on Implementation Day such sanctions, including sanctions on associated services, do not apply to non-U.S. persons who provide underwriting services, insurance, or re-insurance in connection with activities consistent with the JCPOA, including activities with individuals and entities set forth in Attachment 3 to Annex II of the JCPOA, including underwriting services, insurance, or re-insurance in connection with activities in the energy, shipping, and shipbuilding sectors of Iran, for NIOC or NITC, or for vessels that transport crude oil, natural gas, liquefied natural gas, petroleum, and petrochemical products to or from Iran.

For additional information on the insurance-related sanctions lifting discussed in this subsection, please see section D of the <u>JCPOA FAOs</u>.

³² See supra note 21.

³³ See supra note 23.

C. Sanctions Related to Iran's Energy and Petrochemical Sectors

Commitment:

Section 4.3 of Annex II and section 17.1 of Annex V of the JCPOA provide for the lifting, on Implementation Day, of secondary sanctions that apply to non-U.S. persons who engage in certain activities related to the energy sector of Iran. In particular, beginning on Implementation Day, the following activities by non-U.S. persons are no longer sanctionable:

- Investment, including participation in joint ventures, goods, services, information, technology and technical expertise and support for Iran's oil, gas, and petrochemical sectors (*see* section 4.3.2 of Annex II of the JCPOA);
- The purchase, acquisition, sale, transportation, or marketing of petroleum, petrochemical products and natural gas from Iran (*see* section 4.3.3 of Annex II of the JCPOA);
- The export, sale, or provision of refined petroleum products and petrochemical products to Iran (*see* section 4.3.4 of Annex II of the JCPOA);
- Transactions with Iran's energy sector, including with NIOC, NICO, and NITC (*see* section 4.3.5 of Annex II of the JCPOA); and
- The provision of associated services for each of the categories above (*see* section 4.3.6 of Annex II of the JCPOA).

In addition, the United States has ceased efforts to reduce Iran's crude oil sales, including limitations on the quantities of Iranian crude oil sold and the nations that can purchase Iranian crude oil, and has lifted sanctions on the provision of associated services (*see* sections 4.3.1 and 4.3.6 of Annex II of the JCPOA).³⁴

Implementation:

To effectuate the lifting of these sanctions on Implementation Day, the USG, in addition to removing certain individuals and entities from the SDN List, FSE List, and NS-ISA List as described in section III below, took the following steps:

1. Correspondent or Payable-Through Account Sanctions:

a. Waived the imposition of correspondent or payable-through account sanctions under: section 1245(d)(1) of NDAA 2012 (for significant financial transactions by FFIs with the CBI)³⁵; section 1244(d)(2) of IFCA (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including NIOC, NITC, and IRISL); section 1244(h)(2) of IFCA (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale, supply, or transfer to or from Iran (for financial transactions by FFIs for the sale) (for financial transactions by FFIs for the sale) (for financial transactions by FFIs for the sale) (for financial transactions (for financial transactions (for financial transactions (for financial transactions (

 $^{^{34}}$ As a result of the cessation of efforts to reduce Iranian crude oil sales, including the waiver of section 1245(d)(1) of NDAA 2012 and the revocation of E.O. 13622, the bilateral trade limitations set forth in sections 561.203(j) and (k) of the IFSR no longer apply.

³⁵ See supra note 11.

of natural gas)³⁶; section 1245(c) of IFCA (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of precious metals or specified materials (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes) that are within the scope of the waivers under section 1245(a)(1) of IFCA, as described in section VI below); and section 1247(a) of IFCA.³⁷

- b. Revoked: E.O. 13622, including the correspondent or payable-through account sanctions under section 1(a), as amended by section 16 of E.O. 13645 (for FFIs that conduct or facilitate transactions: with NIOC or NICO; for the purchase, acquisition, sale, transport, or marketing of petroleum or petroleum products from Iran; or for the purchase, acquisition, sale, transport, or marketing of petrochemical products from Iran); and E.O. 13645, including the correspondent or payable-through account sanctions under section 3(a)(i) (for significant transactions by FFIs on behalf of any Iranian person on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).³⁸
- c. Committed to refrain from imposing sanctions under sections 561.203(a) of the IFSR for transactions by FFIs with the CBI that are consistent with the waiver of section 1245(d)(1) of NDAA 2012.

2. Blocking Sanctions:

- a. Waived the imposition of blocking sanctions under section 1244(c)(1) of IFCA³⁹ (with respect to non-U.S. persons who knowingly provide significant financial, material, technological, or other support to, or goods or services in support of any activity or transaction on behalf of or for the benefit of a person determined to be part of the energy, shipping, or shipbuilding sectors of Iran or to operate a port in Iran, or Iranian individuals or entities set forth in Attachment 3 to Annex II of the JCPOA).⁴⁰
- b. Revoked: E.O. 13622, including the blocking sanctions under section 5(a) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, NIOC, NICO, or the CBI, or the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran); and E.O. 13645, including the blocking sanctions under section 2(a)(i) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any Iranian person included on the SDN

³⁶ See supra note 14.

³⁷ See supra note 15.

³⁸ See supra note 17.

³⁹ See supra note 18.

⁴⁰ See supra note 19.

List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).⁴¹

3. Menu-based Sanctions:

- a. Waived the imposition of menu-based sanctions under:
 - i. Section 5(a) of ISA (with respect to non-U.S. persons who: make investments above specified thresholds that could directly and significantly contribute to the maintenance or enhancement of Iran's ability to develop petroleum resources; knowingly sell, lease, or provide to Iran goods, services, technology, information, or support that could directly and significantly facilitate the maintenance or enhancement of Iran's domestic production of refined petroleum products; sell or provide to Iran refined petroleum products or sell, lease, or provide to Iran goods, services, technology, information, or support that could directly and significantly contribute to the enhancement of Iran's ability to import refined petroleum products; knowingly participate in certain joint ventures for the development of petroleum resources outside of Iran; knowingly sell, lease, or provide to Iran goods, services, technology, information, or support that could directly and significantly contribute to the maintenance or enhancement of Iran's ability to develop petroleum resources located in Iran or domestic production of refined petrochemical products; knowingly sell, lease, or provide to Iran goods, services, technology, or support that could directly and significantly contribute to the maintenance or expansion of Iran's domestic production of petrochemical products; own, operate, or control, or insure a vessel used to transport crude oil from Iran to another country; or own, operate, or control a vessel used in a manner that conceals the Iranian origin of crude oil or refined petroleum products transported on the vessel);
 - Section 212(a) of the TRA (with respect to non-U.S. persons who knowingly provide underwriting services or insurance or reinsurance for NIOC, NITC, or a successor entity to either company, in cases where the transactions are for activities described in sections 4.2, 4.3, and 4.4 of Annex II of the JCPOA);
 - iii. Section 1244(d)(1) of IFCA (with respect to non-U.S. persons who knowingly sell, supply, or transfer to or from Iran significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including NIOC, NITC, and IRISL);

⁴¹ See supra note 21.

- iv. Section 1245(a)(1) of IFCA (with respect to non-U.S. persons who sell, supply, or transfer to or from Iran precious metals or specified materials (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes), subject to certain limitations as described in section VI below); and
- v. Section 1246(a) of IFCA⁴² (for non-U.S. persons who provide underwriting services, insurance, or reinsurance in connection with activities involving Iran that are described in sections 17.1 to 17.2 and 17.5 of Annex V of the JCPOA, or to or for any individual or entity whose property and interests in property are blocked solely pursuant to E.O. 13599).
- b. Revoked: E.O. 13574, including section 1 (providing implementation authority for certain menu-based sanctions under ISA); E.O. 13590, including section 1 (providing for menu-based sanctions with respect to persons who knowingly sell, lease, or provide to Iran goods, services, technology, or support that could directly and significantly contribute to the maintenance or expansion of Iran's domestic production of petrochemical products); E.O. 13622, including section 2(a)(i)-(iii), as amended by section 16 of E.O. 13645 (for persons engaging in significant transactions for the purchase, acquisition, sale, transport, or marketing of petroleum, petroleum products, and petrochemical products from Iran and successor entities of such non-U.S. persons); and section 5 of E.O. 13628 (providing for menu-based sanctions with respect to persons who knowingly, between July 1, 2010, and August 10, 2012: sold, leased, or provided to Iran goods, services, technology, information, or support that could directly and significantly facilitate the maintenance or expansion of Iran's domestic production of refined petroleum products; sold or provided to Iran refined petroleum products; or sold, leased, or provided to Iran goods, services, technology, information, or support that could directly and significantly contribute to the enhancement of Iran's ability to import refined petroleum products).

See section III for an overview of the sanctions list removals that occurred on Implementation Day and section VI for an overview of the waiver determinations and findings issued in connection with the JCPOA.

Effects of the lifting of sanctions on the energy and petrochemical sectors:

As a result of the lifting of sanctions specified in sections 4.3.1 to 4.3.6 of Annex II and section 17.1 of Annex V of the JCPOA and described in this section, beginning on Implementation Day such sanctions, including sanctions on associated services, do not apply to non-U.S. persons who: (i) are part of the energy sector of Iran; (ii) purchase, acquire, sell, transport, or market petroleum, petroleum products (including refined petroleum products), petrochemical products, or natural gas (including liquefied natural gas) to or from Iran; (iii) provide to Iran support,

⁴² See supra note 23.

investment (including through joint ventures), goods, services (including financial services), and technology that can be used in connection with Iran's energy sector, the development of its petroleum resources, and its domestic production of refined petroleum products and petrochemical products; or (iv) engage in activities with Iran's energy sector, including NIOC, NITC, and NICO.

For additional information on the energy and petrochemical sector-related sanctions lifting discussed in this subsection, please see section B of the <u>JCPOA FAQs</u>.

D. Sanctions Related to Iran's Shipping and Shipbuilding Sectors and Port Operators

Commitment:

Section 4.4 of Annex II and section 17.1 of Annex V of the JCPOA provide for the lifting, on Implementation Day, of secondary sanctions that apply to non-U.S. persons with respect to Iran's shipping and shipbuilding sectors and port operators. In particular, beginning on Implementation Day, the following activities by non-U.S. persons are no longer sanctionable:

- Transactions with Iran's shipping and shipbuilding sectors and port operators, including IRISL, South Shipping Line, and NITC, and the port operator(s) of Bandar Abbas⁴³ (*see* section 4.4.1 of Annex II of the JCPOA); and
- The provision of associated services for the categories above (*see* section 4.4.2 of Annex II of the JCPOA).

Implementation:

To effectuate the lifting of these sanctions on Implementation Day, the USG, in addition to removing certain individuals and entities from the SDN List, FSE List, and NS-ISA List as described in section III below, took the following steps:

1. Correspondent or Payable-Through Account Sanctions:

a. Waived the imposition of correspondent or payable-through account sanctions under: section 1245(d)(1) of NDAA 2012 (for significant financial transactions by FFIs with the CBI)⁴⁴; section 1244(d)(2) of IFCA (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including NIOC, NITC, and IRISL); section 1245(c) of IFCA (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of precious metals or specified materials (graphite, raw or semi-finished

⁴³ As stated in the JCPOA, this commitment is based on the port operator(s) of Bandar Abbas no longer being controlled by a person on the SDN List. For additional information on the operations of Bandar Abbas, please see JCPOA FAQ E.2.

⁴⁴ See supra note 11.

metals such as aluminum and steel, coal, and software for integrating industrial processes) that are within the scope of the waivers under section 1245(a)(1) of IFCA, as described in section VI below); and section 1247(a) of IFCA.⁴⁵

- Revoked E.O. 13645, including the correspondent or payable-through account sanctions under subsection 3(a)(i) (for significant transactions by FFIs on behalf of any Iranian person on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).⁴⁶
- c. Committed to refrain from imposing sanctions under section 561.203(a) of the IFSR for transactions by FFIs with the CBI that are consistent with the waiver of section 1245(d)(1) of NDAA 2012.

2. Blocking Sanctions:

- a. Waived the imposition of blocking sanctions under section 1244(c)(1) of IFCA⁴⁷ (with respect to non-U.S. persons who knowingly provide significant financial, material, technological, or other support to, or goods or services in support of any activity or transaction on behalf of or for the benefit of a person determined to be part of the energy, shipping, or shipbuilding sectors of Iran or to operate a port in Iran, or Iranian individuals or entities set forth in Attachment 3 to Annex II of the JCPOA).⁴⁸
- b. Revoked: E.O. 13622, including the blocking sanctions under section 5(a) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, NIOC, NICO, or the CBI, or the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran); and E.O. 13645, including the blocking sanctions under subsection 2(a)(i) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any Iranian person included on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).⁴⁹

3. Menu-based Sanctions:

a. Waived the imposition of menu-based sanctions under: section 212(a) of the TRA (with respect to non-U.S. persons who knowingly provide underwriting services

⁴⁵ See supra note 15.

⁴⁶ See supra note 17.

⁴⁷ See supra note 18.

⁴⁸ See supra note 19.

⁴⁹ See supra note 21.

or insurance or reinsurance for NIOC, NITC, or a successor entity to either company, in cases where the transactions are for activities described in section 4.4 of Annex II of the JCPOA); section 1244(d)(1) of IFCA (with respect to non-U.S. persons who knowingly sell, supply, or transfer to or from Iran significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including NIOC, NITC, and IRISL); sections 1245(a)(1)(B), 1245(a)(1)(C)(i)(I)-(II) and 1245(a)(1)(C)(ii)(I)-(II) of IFCA (with respect to non-U.S. persons who sell, supply, or transfer to or from Iran specified materials (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes), subject to certain limitations as described in section VI below); and section 1246(a) of IFCA⁵⁰ (for non-U.S. persons who provide underwriting services, insurance, or reinsurance in connection with activities involving Iran that are described in sections 17.1 to 17.2 and 17.5 of Annex V of the JCPOA, or to or for any individual or entity whose property and interests in property are blocked solely pursuant to E.O. 13599).

See section III for an overview of the sanctions list removals that occurred on Implementation Day and section VI for an overview of the waiver determinations and findings issued in connection with the JCPOA.

Effects of the lifting of the sanctions related to Iran's shipping and shipbuilding sectors and port operators:

As a result of the lifting of sanctions specified in sections 4.4.1 to 4.4.2 of Annex II and 17.1 of Annex V of the JCPOA and described in this section, beginning on Implementation Day such sanctions, including sanctions on associated services, do not apply to non-U.S. persons who are part of the shipping or shipbuilding sectors of Iran or who: own, operate, control, or insure a vessel used to transport crude oil, petroleum products (including refined petroleum products), petrochemical products, or natural gas (including liquefied natural gas) to or from Iran; operate a port in Iran, engage in activities with, or provide financial services and other goods and services used in connection with, the shipping and shipbuilding sectors of Iran or a port operator in Iran (including the port operator(s) of Bandar Abbas⁵¹), including port services, such as bunkering and inspection, classification, and financing, and the sale, leasing, and provision of vessels to Iran, including to IRISL, NITC, and South Shipping Line or their affiliates.

For additional information on the sanctions lifting related to Iran's shipping and shipping sectors and port operators discussed in this subsection, please see section E of the <u>JCPOA FAQs</u>.

⁵⁰ See supra note 23.

⁵¹ See supra note 43.

E. Sanctions Related to Gold and Other Precious Metals

Commitment:

Section 4.5 of Annex II and section 17.1 of Annex V of the JCPOA provide for the lifting, on Implementation Day, of secondary sanctions that apply to non-U.S. persons with respect to Iran's trade in gold and other precious metals and the provision of associated services for such trade.

Implementation:

To effectuate the lifting of these sanctions on Implementation Day, the USG, in addition to removing certain individuals and entities from the SDN List, FSE List, and NS-ISA List as described in section III below, took the following steps:

1. Correspondent or Payable-Through Account Sanctions:

- a. Waived the imposition of correspondent or payable-through account sanctions under: section 1245(d)(1) of NDAA 2012 (for significant financial transactions by FFIs with the CBI)⁵²; section 1245(c) of IFCA (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of precious metals); and section 1247(a) of IFCA.⁵³
- b. Revoked E.O. 13645, including the correspondent or payable-through account sanctions under subsection 3(a)(i) (for significant transactions by FFIs on behalf of any Iranian person on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).⁵⁴
- c. Committed to refrain from imposing sanctions under section 561.203(a) of the IFSR for transactions by FFIs with the CBI that are consistent with the waiver of section 1245(d)(1) of NDAA 2012.

2. Blocking Sanctions:

a. Waived the imposition of blocking sanctions under section 1244(c)(1) of IFCA⁵⁵ (with respect to non-U.S. persons who knowingly provide significant financial, material, technological, or other support to, or goods or services in support of any activity or transaction on behalf of or for the benefit of a person determined to be part of the energy, shipping, or shipbuilding sectors of Iran or to operate a port in

⁵² See supra note 9.

⁵³ See supra note 15.

⁵⁴ See supra note 17.

⁵⁵ See supra note 18.

Iran, or Iranian individuals or entities set forth in Attachment 3 to Annex II of the JCPOA). 56

b. Revoked: E.O. 13622, including the blocking sanctions under section 5(a) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, NIOC, NICO, or the CBI, or the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran); and E.O. 13645, including subsection 2(a)(i) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any Iranian person included on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).⁵⁷

3. Menu-based Sanctions:

a. Waived the imposition of menu-based sanctions under: section 1245(a)(1)(A) of IFCA (with respect to non-U.S. persons who sell, supply, or transfer to or from Iran precious metals); and section 1246(a) of IFCA⁵⁸ (for non-U.S. persons who provide underwriting services, insurance, or reinsurance in connection with activities involving Iran that are described in sections 17.1 to 17.2 and 17.5 of Annex V of the JCPOA, or to or for any individual or entity whose property and interests in property are blocked solely pursuant to E.O. 13599).

See section III for an overview of the sanctions list removals that occurred on Implementation Day and section VI for an overview of the waiver determinations and findings issued in connection with the JCPOA.

Effects of the lifting of sanctions related to gold and other precious metals:

As a result of the lifting of sanctions specified in section 4.5 of Annex II and section 17.1 of Annex V of the JCPOA and described in this section, beginning on Implementation Day such sanctions, including sanctions on associated services, do not apply to non-U.S. persons who sell, supply, export, or transfer, directly or indirectly, to or from Iran, gold and other precious metals, or conduct or facilitate a financial transaction or provide services for the foregoing, including any security, insurance, and transportation.

For additional information on the sanctions lifting related to Iran's trade in gold and other precious metals discussed in this subsection, please see section F of the <u>JCPOA FAQs</u>.

⁵⁶ See supra note 19.

⁵⁷ See supra note 21.

⁵⁸ See supra note 23.

F. Sanctions Related to Software and Metals

Commitment:

Section 4.6 of Annex II and section 17.2 of Annex V of the JCPOA provide for the lifting, on Implementation Day, of secondary sanctions that apply to non-U.S. persons with respect to trade with Iran in graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes, in connection with activities consistent with the JCPOA, including trade with individuals and entities set forth in Attachment 3 to Annex II of the JCPOA and the provision of associated services for each of the categories above.

Implementation:

To effectuate the lifting of these sanctions on Implementation Day, the USG, in addition to removing certain individuals and entities from the SDN List, FSE List, and NS-ISA List as described in section III below, took the following steps:

1. Correspondent and Payable-Through Account Sanctions:

- a. Waived the imposition of correspondent or payable-through account sanctions under: section 1245(d)(1) of NDAA 2012 (for significant financial transactions by FFIs with the CBI);⁵⁹ section 1244(d)(2) of IFCA (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including with NIOC, NITC, and IRISL); section 1245(c) of IFCA (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of specified materials (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes) that are within the scope of the waivers under section 1245(a)(1) of IFCA, as described in section VI below); and section 1247(a) of IFCA.
- b. Revoked E.O. 13645, including the correspondent or payable-through account sanctions under subsection 3(a)(i) (for significant transactions by FFIs on behalf of any Iranian person on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).⁶¹
- c. Committed to refrain from imposing sanctions under section 561.203(a) of the IFSR for transactions by FFIs with the CBI that are consistent with the waiver of section 1245(d)(1) of NDAA 2012.

⁵⁹ See supra note 11.

⁶⁰ See supra note 15.

⁶¹ See supra note 17.

2. Blocking Sanctions

- a. Waived the imposition of blocking sanctions under IFCA section $1244(c)(1)^{62}$ (with respect to non-U.S. persons who knowingly provide significant financial, material, technological, or other support to, or goods or services in support of any activity or transaction on behalf of or for the benefit of a person determined to be part of the energy, shipping, or shipbuilding sectors of Iran or to operate a port in Iran, or Iranian individuals or entities set forth in Attachment 3 to Annex II of the JCPOA).⁶³
- b. Revoked E.O. 13622, including the blocking sanctions under section 5(a) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, NIOC, NICO, or the CBI, or the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran); and E.O. 13645, including the blocking sanctions under subsection 2(a)(i) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any Iranian person included on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).⁶⁴

3. Menu-based Sanctions:

a. Waived the imposition of menu-based sanctions under: section 1244(d)(1) of IFCA (with respect to non-U.S. persons who knowingly sell, supply, or transfer to or from Iran significant goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including with NIOC, NITC, and IRISL); section 1245(a)(1)(B)-(C) of IFCA (with respect to non-U.S. persons who sell, supply, or transfer to or from Iran specified materials (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes), subject to certain limitations as described in section VI below); section 1246(a) of IFCA⁶⁵ (for non-U.S. persons who provide underwriting services, insurance, or reinsurance in connection with activities involving Iran that are described in sections 17.1 to 17.2 and 17.5 of Annex V of the JCPOA, or to or for any individual or entity whose property and interests in property are blocked solely pursuant to E.O. 13599).

See section III for an overview of the sanctions list removals that occurred on Implementation Day and section VI for an overview of the waiver determinations and findings issued in connection with the JCPOA.

⁶² See supra note 18.

⁶³ See supra note 19.

⁶⁴ See supra note 21.

⁶⁵ See supra note 23.

Effects of the lifting of sanctions relating to software and metals:

As a result of the lifting of sanctions specified in section 4.6 of Annex II and sections 17.1 to 17.2 of Annex V of the JCPOA and described in this section, beginning on Implementation Day such sanctions, including sanctions on associated services, do not apply to non-U.S. persons who sell, supply, or transfer, directly or indirectly, graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes, to or from Iran in connection with activities consistent with the JCPOA, including trade with individuals and entities set forth in Attachment 3 to Annex II of the JCPOA, and the sale, supply, or transfer of such materials to the energy, petrochemical, shipping, and shipbuilding sectors of Iran, and Iranian ports, or conduct or facilitate a financial transaction or provide services for the foregoing, including insurance and reinsurance.

For additional information on the sanctions lifting related to Iran's trade in software and metals discussed in this subsection, please see section G of the <u>JCPOA FAQs</u>.

G. Sanctions Related to the Automotive Sector

<u>Commitment</u>:

Section 4.7 of Annex II and section 17.1 of Annex V of the JCPOA provide for the lifting, on Implementation Day, of secondary sanctions that apply to non-U.S. persons with respect to the sale, supply, or transfer of goods or services used in connection with Iran's automotive sector and the provision of associated services for such activity.

Implementation:

To effectuate the lifting of these sanctions on Implementation Day, the USG, in addition to removing certain individuals and entities from the SDN List, FSE List, and NS-ISA List as described in section III below, took the following steps:

1. Correspondent or Payable-Through Account Sanctions:

a. Waived the imposition of correspondent or payable-through account sanctions under: section 1245(d)(1) of NDAA 2012 (for significant financial transactions by FFIs with the CBI)⁶⁶; section 1245(c) of IFCA (for significant financial transactions by FFIs for the sale, supply, or transfer to or from Iran of precious metals or specified materials (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes) that are within the scope of the waivers under section 1245(a)(1) of IFCA, as described in section VI below); and section 1247(a) of IFCA.⁶⁷

⁶⁶ See supra note 11.

⁶⁷ See supra note 15.

- b. Revoked E.O. 13645, including the correspondent or payable-through account sanctions under subsection 3(a)(i) (for significant transactions by FFIs on behalf of any Iranian person on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599) and subsection 3(a)(ii) (for significant transactions by FFIs for the sale, supply, or transfer to Iran of significant goods or services used in connection with the automotive sector of Iran).
- c. Committed to refrain from imposing sanctions under section 561.203(a) of the IFSR for transactions by FFIs with the CBI that are consistent with the waiver of section 1245(d)(1) of NDAA 2012.

2. Blocking Sanctions:

- a. Waived the imposition of blocking sanctions under section 1244(c)(1) of IFCA⁶⁹ (with respect to non-U.S. persons who knowingly provide significant financial, material, technological, or other support to, or goods or services in support of any activity or transaction on behalf of or for the benefit of a person determined to be part of the energy, shipping, or shipbuilding sectors of Iran or to operate a port in Iran, or Iranian individuals or entities set forth in Attachment 3 to Annex II of the JCPOA).⁷⁰
- b. Revoked: E.O. 13622, including the blocking sanctions under section 5(a) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, NIOC, NICO, or the CBI, or the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran); and E.O. 13645, including the blocking sanctions under subsection 2(a)(i) (with respect to persons who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any Iranian person included on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599).⁷¹

3. Menu-based Sanctions:

a. Waived the imposition of menu-based sanctions under: sections 1245(a)(1)(B), 1245(a)(1)(C)(i)(II), and 1245(a)(1)(C)(ii)(II) of IFCA (with respect to non-U.S. persons who sell, supply, or transfer to or from Iran specified materials (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes), subject to certain limitations as described in

⁶⁸ See supra note 17.

⁶⁹ See supra note 18.

⁷⁰ See supra note 19.

⁷¹ See supra note 21.

section VI below); and section 1246(a) of IFCA⁷² (for non-U.S. persons who provide underwriting services, insurance, or reinsurance in connection with activities involving Iran that are described in sections 17.1 to 17.2 and 17.5 of Annex V of the JCPOA, or to or for any individual or entity whose property and interests in property are blocked solely pursuant to E.O. 13599).

b. Revoked E.O. 13645, including the menu-based sanctions under section 5 (for non-U.S. persons engaging in significant transactions for the sale, supply, or transfer to Iran of significant goods or services used in connection with the automotive sector of Iran).

See section III for an overview of the sanctions list removals that occurred on Implementation Day and section VI for an overview of the waiver determinations and findings issued in connection with the JCPOA.

Effects of the lifting of sanctions related to the automotive sector:

As a result of the lifting of sanctions specified in section 4.7 of Annex II and section 17.1 of Annex V of the JCPOA and described in this section, beginning on Implementation Day such sanctions, including sanctions on associated services, do not apply to non-U.S. persons who conduct or facilitate financial or other transactions for the sale, supply, or transfer to Iran of goods and services used in connection with the automotive sector of Iran.

For additional information on the sanctions lifting related to Iran's automotive sector discussed in this subsection, please see section H of the <u>JCPOA FAQs</u>.

III. Sanctions List Removals

In addition to the measures described above, to implement its commitments under the JCPOA, on Implementation Day, the USG removed the individuals and entities specified in Attachment 3 to Annex II of the JCPOA from the SDN List, FSE List, and/or NS-ISA List, as appropriate.⁷³ See Attachment 3 to Annex II of the JCPOA for the list of individuals and entities that were removed from these lists on Implementation Day. OFAC published information regarding its actions to give effect to these removals on its website on Implementation Day, and will subsequently publish a notice of the removal actions in the *Federal Register*.⁷⁴

⁷² See supra note 23.

⁷³ The underlying authorities for the sanctions listings removed on Implementation Day pursuant to section 4.8.1 of Annex II and section 17.5 of Annex V of the JCPOA include: section 5(a) of ISA, section 212(a) of the TRA, sections 1244(c) and 1244(d)(1) of IFCA, E.O. 13382, E.O. 13608, E.O. 13622, and E.O. 13645.

 $^{^{74}}$ To give effect to these removals, the Department of State took separate actions to remove the legal basis for the listings of certain other individuals and entities, and will publish notice of such actions in the *Federal Register*. These actions include waiving the imposition of sanctions with respect to certain persons sanctioned pursuant to sections 1244(c)(1) and 1244(d)(1) of IFCA. *See* sections VI.A.1 and VI.A.2 below. As a result of these actions, all sanctions measures that were selected by the Secretary of State when he took the actions resulting in the listings were lifted.

A. Non-applicability of certain secondary sanctions authorities

As a result of these removals, beginning on Implementation Day, non-U.S. persons are no longer subject to secondary sanctions for engaging in transactions with the individuals and entities set out in Attachment 3 to Annex II of the JCPOA, including the CBI and other Iranian financial institutions, provided that the transactions do not involve conduct described in sections VII.B-C below or individuals or entities who remain or are placed on the SDN List. Those individuals and entities set out in Attachment 3 to Annex II of the JCPOA that were previously designated for sanctions have had those designations removed.⁷⁵ In addition, all individuals and entities listed in Attachment 3 to Annex II of the JCPOA were removed from the SDN List and/or, where applicable, the FSE List and the NS-ISA List.⁷⁶ As a result of these actions, the following statutory sanctions authorities will no longer apply to transactions with these individuals and entities:

- Section 104(c)(2)(E)(ii)(I) of CISADA (correspondent or payable-through account sanctions with respect to FFIs that knowingly facilitate a significant transaction or transactions or provide significant financial services for a person whose property or interests in property are blocked in connection with Iran's proliferation of WMD or their means of delivery);⁷⁷
- Section 1245(d) of NDAA 2012 (correspondent or payable-through account sanctions for significant financial transactions by FFIs with a designated Iranian financial institution);
- Section 1244(c)(1) of IFCA (blocking sanctions with respect to persons who knowingly provide significant financial, material, technological, or other support to, or goods or services in support of any activity or transaction on behalf of or for the benefit of any Iranian person on the SDN List, other than an Iranian financial institution whose property and interests in property are blocked solely pursuant to E.O. 13599);
- Section 1246(a)(1)(B)(iii)(I) of IFCA (menu-based sanctions with respect to persons who knowingly provide underwriting services or insurance or reinsurance to or for any person

⁷⁵ As noted with respect to NIOC's determination under section 312 of the TRA in Annex II of the JCPOA, removal of persons from the SDN List includes resolution of related designations and determinations. The U.S. Department of the Treasury has now determined that NIOC is no longer an agent or affiliate of the IRGC.

⁷⁶ Notwithstanding the removal of these listings, persons meeting the definition of the terms "Government of Iran" or "Iranian financial institution" remain persons whose property and interests in property are blocked pursuant to E.O. 13599 and section 560.211 of the ITSR. *See* section III.B below.

⁷⁷ Following Implementation Day, section 104(c)(2)(E)(ii)(I) of CISADA continues to apply to FFIs that knowingly facilitate a significant transaction or transactions or provide significant financial services for a person whose property or interests in property remain blocked in connection with Iran's proliferation of WMD or their means of delivery. In addition, section 104(c)(2)(E)(ii)(II) of CISADA continues to apply to FFIs that knowingly facilitate a significant transaction or transactions or provide significant financial services for a person whose property or interests in property are blocked in connection with Iran's support for international terrorism. Persons falling into these two categories are identified on the SDN List with the "[IFSR]" program tag.

designated for the imposition of sanctions in connection with Iran's proliferation of WMD or their means of delivery);⁷⁸ and

• Section 1247(a) of IFCA (correspondent or payable-through account sanctions with respect to FFIs that knowingly facilitate a significant financial transaction on behalf of any Iranian person on the SDN List, other than an Iranian financial institution whose property and interests in property are blocked solely pursuant to E.O. 13599).

B. Continued blocking under E.O. 13599 and section 560.211 of the ITSR

Further, even after Implementation Day, individuals and entities meeting the definition of the Government of Iran or an Iranian financial institution, as those terms are defined in sections 560.304 and 560.324 of the ITSR, remain persons whose property and interests in property are blocked pursuant to E.O. 13599 and section 560.211 of the ITSR. As a result, U.S. persons continue to be broadly prohibited from engaging in transactions or dealings with these individuals and entities unless such transactions or dealings are exempt from regulation or authorized by OFAC. U.S. persons also continue to have an obligation to block the property and interests in property of all individuals and entities that meet the definition of the Government of Iran or an Iranian financial institution, regardless of whether the individual or entity has been identified by OFAC as meeting those definitions. Individuals and entities that have been previously identified by OFAC as meeting the definition of the Government of Iran or an Iranian financial institution are marked with an asterisk in Attachment 3 to Annex II of the JCPOA. Following Implementation Day, these individuals and entities continue to meet the relevant definitions and continue to be persons whose property and interests in property are blocked pursuant to E.O. 13599 and section 560.211 of the ITSR.⁷⁹ To assist U.S. persons in meeting their primary sanctions obligations under the ITSR with respect to these persons, OFAC has made available on its website a list of persons identified as blocked solely pursuant to E.O. 13599 (E.O. 13599 List).

Please be advised that, under the ITSR, U.S. persons continue to have an obligation to block the property and interests in property of individuals and entities listed in Attachment 3 to Annex II of the JCPOA that do not have an asterisk next to their name and are not included on the E.O. 13599 List if such persons meet the definition of either the Government of Iran or an Iranian financial institution as set forth in section 560.304 or 560.324 of the ITSR, respectively.

⁷⁸ Following Implementation Day, section 1246(a)(1)(B)(iii)(I) of IFCA continues to apply to persons who knowingly provide underwriting services or insurance or reinsurance to or for any person who remains designated for the imposition of sanctions under IEEPA in connection with Iran's proliferation of WMD or their means of delivery. In addition, section 1246(a)(1)(B)(iii)(II) of IFCA continues to apply to persons who knowingly provide underwriting services or reinsurance to or for any person designated for the imposition of sanctions under IEEPA in connection of the imposition of sanctions under IEEPA in connection for any person designated for the imposition of sanctions under IEEPA in connection with Iran's support for international terrorism. Persons falling into these two categories are identified on the SDN List with the "[IFSR]" program tag.

⁷⁹ To the extent a person identified as meeting the definition of the term "Government of Iran" or "Iranian financial institution" is also designated pursuant to one or more other authorities in addition to E.O. 13599, that person continues to be listed on the SDN List with the "[IRAN]" identifying tag, as well as identifying tags for any other relevant sanctions program(s).

Non-U.S. persons will not be subject to secondary sanctions for engaging in transactions with the individuals and entities listed on the E.O. 13599 List, provided that the transactions do not involve conduct described in sections VII.B-C below or individuals or entities who remain or are placed on the SDN List. *See* section III.A above.

For additional information on the sanctions list removals discussed in this section, please see section I of the <u>JCPOA FAQs</u>.

IV. Other Trade Measures

Commitment:

Pursuant to section 5 of Annex II and section 17.5 of Annex V of the JCPOA, the USG committed to license three categories of activity that would otherwise be prohibited under the ITSR, provided that relevant transactions do not involve individuals or entities on the SDN List and are otherwise consistent with applicable U.S. laws and regulations.⁸⁰

Implementation:

To fulfill these commitments, OFAC has issued: (i) a Statement of Licensing Policy (SLP) allowing for the case-by-case licensing of the export, reexport, sale, lease, or transfer to Iran of commercial passenger aircraft, spare parts and components for such aircraft, and associated services, all for exclusively commercial passenger aviation; (ii) a general license authorizing U.S.-owned or -controlled foreign entities to engage in certain activity with Iran that is consistent with the JCPOA; and (iii) a general license authorizing the importation into the United States of Iranian-origin carpets and foodstuffs, including pistachios and caviar.

A. Statement of Licensing Policy for Activities Related to the Export or Reexport to Iran of Commercial Passenger Aircraft and Related Parts and Services (SLP)

OFAC has issued a <u>SLP</u>, effective on Implementation Day, which establishes a favorable licensing policy regime through which U.S. persons and, where there is a nexus to U.S. jurisdiction, non-U.S. persons may request specific authorization from OFAC to engage in transactions for the (i) export, reexport, sale, lease or transfer to Iran of commercial passenger aircraft for exclusively civil aviation end use, (ii) export, reexport, sale, lease or transfer to Iran of spare parts and components for commercial passenger aircraft; and (iii) provision of associated services, including warranty, maintenance, and repair services and safety-related inspections, for all the foregoing, provided that licensed items and services are used exclusively for commercial passenger aviation.⁸¹ Any export, reexport, or transfer of U.S. export-controlled

⁸⁰ These laws include, but are not limited to, the Export Administration Act, the Federal Food, Drug, and Cosmetic Act, and the Iran-Iraq Arms Non-Proliferation Act.

⁸¹ Licenses issued under the SLP in furtherance of the U.S. commitment in section 5.1.1 of Annex II of the JCPOA will include appropriate conditions to ensure that licensed activities do not involve, and no licensed aircraft, goods, or services are re-sold or retransferred to, any person on the SDN list.

items must be consistent with U.S. legal requirements, including those under the Iran-Iraq Arms Non-Proliferation Act and section 6(j) of the Export Administration Act. In addition, exports or reexports to individuals and entities listed on the Department of Commerce's Denied Persons List and, in some cases, the Entity List will require separate authorization from the Department of Commerce.

Please note that, should the United States determine that aircraft, goods, or services licensed for export, reexport, sale, lease, or transfer to Iran under the SLP have been used for purposes other than exclusively for commercial passenger aviation, or have been re-sold or re-transferred to persons on the SDN List, the United States would view this as grounds to cease performing its commitments under Section 5.1.1 of Annex II of the JCPOA in whole or in part. See section 5.1.1. of Annex II of the JCPOA.

For additional information on the SLP discussed in this subsection, please see section J of the <u>JCPOA FAQs</u>.

B. General License Authorizing Activities by Non-U.S. Persons that are Owned or Controlled by a U.S. Person

OFAC has issued General License H: Authorizing Certain Transactions Relating to Foreign Entities Owned or Controlled by a United States Person (GL H), effective on Implementation Day, authorizing U.S.-owned or -controlled foreign entities to engage in certain transactions involving Iran that would otherwise be prohibited by section 560.215 of the ITSR. GL H does not authorize U.S.-owned or -controlled foreign entities to engage in any transactions involving: (1) the direct or indirect exportation or reexportation of goods, technology, or services from the United States (without separate authorization from OFAC); (2) any transfer of funds to, from, or through the U.S. financial system; (3) any individual or entity on the SDN List or any activity that would be prohibited by non-Iran sanctions administered by OFAC if engaged in by a U.S. person or in the United States; (4) any individual or entity identified on the FSE List; (5) unless authorized by the U.S. Department of Commerce, activity prohibited by, or requiring a license under, part 744 of the U.S. Export Administration Regulations (EAR) or a person whose export privileges have been denied pursuant to part 764 or 766 of the EAR; (6) any military, paramilitary, intelligence, or law enforcement entity of the Government of Iran, or any officials, agents, or affiliates thereof; (7) any activity that is sanctionable under E.O. 12938 or 13382 (relating to Iran's proliferation of weapons of mass destruction and their means of delivery, including ballistic missiles); E.O. 13224 (relating to international terrorism); E.O. 13572 or 13582 (relating to Syria); E.O. 13611 (relating to Yemen); or E.O. 13553 or 13606, or section 2 or 3 of E.O. 13628 (relating to Iran's commission of human rights abuses against its citizens); and (8) any nuclear activity involving Iran that is subject to the procurement channel established pursuant to paragraph 16 of UNSCR 2231 (2015) and section 6 of Annex IV of the Joint Comprehensive Plan of Action of July 14, 2015 and that has not been approved through the procurement channel process.

In addition, GL H authorizes U.S. persons to engage in certain activities otherwise prohibited by the ITSR, namely, activities related to the establishment or alteration of corporate policies and procedures to the extent necessary to allow U.S.-owned or -controlled foreign entities to engage

in transactions involving Iran that are authorized under GL H, and making available to foreign entities they own or control certain automated and globally integrated business support systems. Please be advised, however, that with the exception of activities authorized in GL H, the prohibition on facilitation by United States persons under section 560.208 of the ITSR will remain in effect.

For additional information on GLH, please see section K of the JCPOA FAQs.

C. General License Authorizing the Importation of Iranian-Origin Carpets and Foodstuffs

OFAC has issued a regulatory amendment to the ITSR, effective upon publication in the *Federal Register*, to authorize the importation into the United States of Iranian-origin carpets and foodstuffs, including pistachios and caviar. This authorization covers: (i) carpets and other textile floor coverings and carpets used as wall hangings that are classified under chapter 57 or heading 9706.00.0060 of the Harmonized Tariff Schedule of the United States (HTS),⁸² and (ii) foodstuffs intended for human consumption that are classified under chapters 2-23 of the HTS.⁸³ Carpets and foodstuffs authorized for importation pursuant to the general license are still subject to all other laws and regulations applicable to goods imported into the United States, including generally applicable laws and regulations administered by other departments and agencies, such as the Departments of Agriculture or Commerce, the Food and Drug Administration, or Customs and Border Protection.

In addition, under an accompanying provision, U.S. depository institutions are authorized to process letters of credit for payments for Iranian-origin carpets and foodstuffs, and U.S. persons are authorized to act as brokers for the purchase or sale of Iranian-origin carpets and foodstuffs authorized to be imported into the United States under the general license.

OFAC's publication of this general license as an amendment to the ITSR fulfills the requirements of section 103(d)(2)(A) of CISADA. In addition, the Secretary of State's submission to the appropriate congressional committees of a certification in writing that it is in the national interest of the United States to provide an exception to the prohibition on the importation of Iranian-origin goods to the extent required to implement the sanctions relief described in section 5.1.3 of Annex II of the JCPOA and a report describing the reasons for this exception fulfills the requirements of section 103(d)(2)(B) of CISADA.

For additional information on the general license for carpets and foodstuffs, please see section L of the <u>JCPOA FAQs</u>.

⁸² Items that are classified under heading 9706.00.0060 ("Antiques of an age exceeding one hundred years/Other") that are not carpets and other textile wall coverings or carpets used as wall hangings are not authorized for importation into the United States by general license.

⁸³ Items that are classified in chapters 2-23 of the HTS that are not foodstuffs intended for human consumption are not authorized for importation into the United States by this general license.

V. <u>Termination of Executive Orders</u>

To effectuate the lifting of sanctions set out in sections 4.1 to 4.7 of Annex II of the JCPOA and described in section II of this Guidance, the United States committed in section 4 of Annex II and section 17.4 of Annex V of the JCPOA to terminate E.O.s 13574, 13590, 13622, and 13645, and sections 5-7 and 15 of E.O. 13628. To fulfill this commitment, on Implementation Day, the President issued an E.O. (the "Termination E.O.") revoking⁸⁴ the following:

- (i) *E.O. 13574* (providing implementation authority for certain menu-based sanctions set forth in ISA);
- (ii) E.O. 13590 (providing for menu-based sanctions with respect to persons who knowingly sell, lease or provide to Iran goods, services, technology, or support that could directly and significantly contribute to the maintenance or expansion of Iran's domestic production of petrochemical products);
- (iii) E.O. 13622 (providing for: sanctions on FFIs that knowingly facilitate significant financial transactions with NIOC or NICO, or for the purchase or acquisition of petroleum, petroleum products, or petrochemical products from Iran; sanctions on persons who knowingly engage in significant transactions for the purchase or acquisition of petroleum, petroleum products, or petrochemical products from Iran; and sanctions on persons that have provided material support to NIOC, NICO, or the CBI, or for the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran);
- (iv) E.O. 13645 (providing for sanctions relating to: the purchase or sale of the Iranian rial (or contracts whose value is based on the Iranian rial); significant holdings of the Iranian rial outside of Iran; Iran's automotive sector; and persons that have provided material support to any Iranian person on the SDN List or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of E.O. 13645 or E.O. 13599 (other than an Iranian depository institution whose property and interests in property are blocked solely pursuant to E.O. 13599)); and
- (v) Sections 5-7 and 15 of E.O. 13628 (providing for: (1) menu-based sanctions with respect to persons who knowingly, between July 1, 2010, and August 10, 2012: sold, leased, or provided to Iran goods, services, technology, information, or support that could directly and significantly facilitate the maintenance or expansion of Iran's domestic production of refined petroleum products; sold or provided to Iran refined petroleum products; or sold, leased, or provided to Iran goods, services, technology, information, or support that could directly and significantly contribute to the enhancement of Iran's ability to import refined petroleum products and (2) certain amendments to subsections 1(c)(iii), 1(d), and 2(b)(ii) of E.O.13622).

⁸⁴ See supra note 16.

The Termination E.O. also continues in effect implementation provisions for aspects of certain statutory sanctions that are outside the scope of the U.S. commitment to lift nuclear-related sanctions under the JCPOA.⁸⁵

Except as noted above, the Termination E.O. does not affect: (i) the national emergency declared in E.O. 12957, which shall remain in place, (ii) any E.O. issued in furtherance of that national emergency other than E.O.s 13574, 13590, 13622, 13628, and 13645, or (iii) the Iranian Assets Control Regulations, 31 C.F.R. part 535. Further, the revocation of E.O.s 13574, 13590, 13622, and 13645 and sections 5-7 and 15 of E.O. 13628 will not affect any enforcement action pending or taken prior to the effective date of the Termination E.O., or any action or proceeding based on any act committed prior to the date of the Termination E.O.⁸⁶

For additional information on the Termination E.O., please see <u>JCPOA FAQs</u> A.8 and A.9.

⁸⁵ These provisions relate to the implementation of certain statutory authorities that are outside the scope of U.S. commitments with respect to sanctions described in sections 4.1 to 4.8 and 5 of Annex II and sections 17.1 to 17.3 and 17.5 of Annex V of the JCPOA. Specifically, they provide for the implementation of aspects of the following sections of IFCA that are outside the scope of the U.S. commitments: 1244(c)(1)(A), 1244(d)(1)(A), 1245(a)(1), and 1246(a). The implementing provisions related to section 1244(c)(1)(A) only apply to the extent sanctions are imposed with respect to transactions or activities that are outside the scope of the JCPOA, specifically, providing significant financial, material, technological, or other support to, or goods and services in support of any activity or transaction on behalf of or for the benefit of persons described in section 1244(c)(2)(C)(iii) of IFCA (*i.e.*, Iranian persons on the SDN List). The implementing provisions related to sections 1244(d)(1)(A), 1245(a)(1), and 1246(a) of IFCA only apply to the extent sanctions are imposed with respect to transactions or activities that are outside the scope of the JCPOA, as reflected in waiver determinations as to those sections issued by the Secretary of State to give effect to sanctions commitments described in sections 17.1 to 17.3 and 17.5 of Annex V of the JCPOA (including any transactions or activities involving persons on the SDN List), and any renewals thereof. The implementing provisions related to section 1249 of IFCA only apply to the extent sanctions are imposed with respect to transactions or activities that are described in that section of IFCA, which are outside the scope of the JCPOA. ⁸⁶ The pending enforcement actions referenced herein are independent of actions to impose sanctions under the

terminated E.O.s, such as designation or identification actions that result in the blocking of a person's property or interests in property. To the extent an ongoing investigation of a non-U.S. person relates to activity within the scope of the secondary sanctions lifted on Implementation Day, including sanctions imposed pursuant to the terminated E.O.s, the U.S. government will not sanction the non-U.S. persons under those authorities following Implementation Day. The enforcement actions referenced herein relate to apparent violations of the prohibitions set out in the terminated E.O.s and relevant implementing regulations, and may result in civil or criminal penalties for the apparent violator. On Implementation Day, the prohibitions under the relevant E.O.s were terminated, which means that there would be no new violations arising from the prohibitions under these E.O.s after Implementation Day. To the extent there are investigations of apparent violations that relate to activities that occurred prior to Implementation Day, such apparent violations will be analyzed in light of the laws and regulations that were in place at the time of the underlying activities, consistent with U.S. law and longstanding practice. As with all OFAC enforcement actions, any response to an apparent violation under the terminated E.O.s that relates to activities occurring prior to Implementation Day will be analyzed and acted upon consistent with the framework established in OFAC's Economic Sanctions Enforcement Guidelines. See Appendix A to 31 C.F.R. part 501. The framework set out in the Economic Sanctions Enforcement Guidelines provides for the consideration of a series of general factors in determining an appropriate enforcement response to an apparent violation.

VI. <u>Waivers</u>

Commitment:

Pursuant to the U.S. commitment in section 11 of Annex V of the JCPOA, on Adoption Day, the Secretary of State issued waiver determinations and made findings with respect to certain statutory sanctions provisions set out in section 4 of Annex II of the JCPOA.⁸⁷ By their terms, these waivers and findings were contingent in nature; they only took effect upon confirmation by the Secretary of State that Iran had implemented the nuclear-related measures specified in sections 15.1 to 15.11 of Annex V of the JCPOA, as verified by the IAEA (*i.e.*, upon Implementation Day).⁸⁸

These waivers and findings, effective on January 16, 2016, waive the imposition of sanctions under specified provisions of NDAA 2012 and IFCA and find it is vital to the national security interests of the United States to issue waivers regarding the application of sanctions under specified provisions of ISA and the TRA, all with respect to certain transactions and activities by non-U.S. persons⁸⁹ involving Iran, as set forth in section 4 of Annex II of the JCPOA and described in section II above. In addition, the waiver determination under sections 1244(c)(1) and 1246(a) of IFCA waives the imposition of sanctions with respect to transactions by U.S. persons for the export, reexport, sale, lease, or transfer of commercial passenger aircraft and related parts and services to Iran exclusively for commercial passenger aviation as set forth in section 5.1.1 of the JCPOA, provided that OFAC has issued any required licenses.

Implementation:

To implement the U.S. commitments with respect to sanctions described in sections 17.1 to 17.3 and 17.5 of Annex V of the JCPOA, effective Implementation Day, the USG is waiving the (i) sanctions under IFCA and NDAA 2012 and (ii) application of sanctions under TRA and ISA, to the extent necessary to implement the JCPOA and excluding any transactions involving persons on OFAC's SDN List:

A. IFCA

1. Section 1244(c)(1) – to the extent required for transactions by non-U.S. persons (and, in the case of commercial passenger aviation activities described in section IV.A above, U.S. persons, provided that OFAC has issued any required licenses) on behalf of, or for the benefit of: (i) a person determined to be part of the energy, shipping, or shipbuilding

⁸⁷ See <u>80 Fed. Reg. 67470 (November 2, 2015)</u>.

⁸⁸ Pursuant to the relevant statutes, several of the waiver determinations and findings are in effect for a specified duration (generally 120 or 180 days). To keep in effect U.S. commitments with respect to sanctions set out in sections 17.1 to 17.3 and 17.5 of Annex V of the JCPOA, the Secretary of State will renew waiver determinations and findings, as necessary, and expects to publish notice of such renewals in the *Federal Register*.

⁸⁹ For purposes of the waivers and findings issued on Adoption Day and renewed as necessary, the term "transactions by non-U.S. persons" includes transactions by U.S.-owned or -controlled foreign entities to the extent U.S.-owned or -controlled foreign entities are authorized by OFAC to engage in such transactions, including pursuant to the general license described in section IV.B above.

sectors of Iran, (ii) a person determined to operate a port in Iran; or (iii) Iranian individuals and entities set forth in Attachment 3 to Annex II of the JCPOA;⁹⁰

- 2. Section 1244(d) to the extent required for transactions by non-U.S. persons for the sale, supply, or transfer to or from Iran of goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran, including NIOC, NITC, and IRISL;⁹¹
- 3. Section 1244(h)(2) to the extent required for FFIs to conduct or facilitate transactions for the sale, supply, or transfer to or from Iran of natural gas;
- 4. Section 1245(a)(1)(A) to the extent required for transactions by non-U.S. persons for the sale, supply, or transfer to or from Iran of precious metals;
- 5. Section 1245(a)(1)(B)- to the extent required for transactions by non-U.S. persons for the sale, supply, or transfer to or from Iran of materials described in section 1245(d) of IFCA (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes) determined to be (i) used by Iran as a medium for barter swap, or any other exchange or transaction or (ii) listed as assets of the Government of Iran for purposes of the national balance sheet of Iran;⁹²
- 6. Section 1245(a)(1)(C) to the extent required for transactions by non-U.S. persons for the sale, supply, or transfer to or from Iran of materials described in section 1245(d) of IFCA (graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes) if the material is (i) to be used in connection with the energy, shipping, or shipbuilding sectors of Iran, or resold, retransferred, or otherwise supplied to an end user in one or more such sectors; (ii) sold, supplied, or transferred to any individual or entity blocked solely pursuant to E.O. 13599, or resold, retransferred, or otherwise supplied to such an individual or entity; or (iii) determined pursuant to section 1245(e)(3) of IFCA to be used as described in that section, or resold, retransferred, or otherwise supplied for use in the nuclear program of Iran, provided that the transactions do not involve:

(a) the sale, supply, or transfer of materials described in section 1245(d) that have not been approved by the procurement channel established pursuant to paragraph

 $^{^{90}}$ On Implementation Day, the Secretary of State waived the imposition of sanctions under section 1244(c)(1) of IFCA on persons previously determined to meet the criteria set forth in section 1244(c)(2)(A) of IFCA. *See supra* note 88.

⁹¹ On Implementation Day, the Secretary of State waived the imposition of sanctions under section 1244(d)(1) of IFCA on a person previously determined to meet the criteria set forth in that section. *See supra* note 88.

 $^{^{92}}$ Pursuant to section 1245(e)(1) of IFCA, the President is required to report to Congress whether Iran is using any of the materials described in section 1245(d) of IFCA as assets of the Government of Iran for purposes of the national balance sheet of Iran. The responsibility for this report has been delegated to the Secretary of State. The report is published in the *Federal Register*. To date, there has been no determination that the GOI is using any of the materials described in section 1245(d) of IFCA in this manner, but persons should continue referring to any updated reports issued pursuant to section 1245(e)(1) of IFCA.

16 of UNSCR 2231 and section 6 of Annex IV of the JCPOA, in cases in which the procurement channel applies; or

(b) the sale, supply, or transfer of materials described in section 1245(d) if the material is sold, supplied, or transferred, or resold, retransferred, or otherwise supplied directly or indirectly, for use in connection with the military or ballistic missile program of Iran;⁹³

- 7. Section 1245(c) to the extent required for FFIs to conduct or facilitate transactions that are within the scope of the waivers under section 1245(a)(1) of IFCA, as described in sections VI.A.4-VI.A.6 above;
- Sections 1246(a)(1)(A) to the extent required for non-U.S. persons to provide underwriting services or insurance or reinsurance in connection with activities involving Iran that are within the scope of the JCPOA (as described in sections 17.1 to 17.2 and 17.5 of Annex V of the JCPOA);
- 9. Section 1246(a)(1)(B)(i) to the extent required for non-U.S. persons to provide underwriting services or insurance or reinsurance with respect to, or for the benefit of, any activity in the energy, shipping, or shipbuilding sectors of Iran for which sanctions are imposed under IFCA;
- 10. *Section 1246(a)(1)(B)(ii)* to the extent required for non-U.S. persons to provide underwriting services or insurance or reinsurance for transactions that are within the scope of the waivers under section 1245(a)(1)(B) and (C) of IFCA as described in paragraphs VI.A.5-VI.A.6 above;
- 11. Section 1246(a)(1)(C) to the extent required for non-U.S. persons to provide underwriting services or insurance or reinsurance with respect to or for any Iranian person whose property and interests in property are blocked solely pursuant to E.O. 13599 and section 560.211 of the ITSR, including Iranian individuals and entities set forth in Attachment 3 to Annex II of the JCPOA;
- 12. Section 1246(a) to the extent required for U.S. persons to provide underwriting services or insurance or reinsurance in connection with commercial passenger aviation activities described in section IV.A above, provided that OFAC has issued any required licenses; and
- 13. Section 1247(a) to the extent required for FFIs to facilitate transactions on behalf of Iranian individuals and entities set forth in Attachment 3 to Annex II of the JCPOA;

 $^{^{93}}$ Pursuant to section 1245(e)(1) of IFCA, the President is required to report to Congress whether Iran is using any of the materials described in section 1245(d) of IFCA in connection with the nuclear, military, or ballistic missile programs of Iran. The responsibility for this report has been delegated to the Secretary of State. The report is published in the *Federal Register*.

B. NDAA 2012

1. Section 1245(d)(1) – to the extent necessary to implement the JCPOA, including for FFIs to conduct or facilitate transactions with the CBI covered by the U.S. commitments with respect to sanctions described in sections 17.1 to 17.2 of Annex V of the JCPOA;⁹⁴

C. TRA

- 1. Section 212(a) to the extent required for transactions by non-U.S. persons⁹⁵ for the provision of underwriting services or insurance or reinsurance for NIOC, NITC, or a successor entity to either company, in cases where the transactions are for activities described in sections 4.2.1, 4.3, and 4.4 of Annex II of the JCPOA;
- Section 213(a) to the extent required for transactions by non-U.S. persons for the purchase, subscription to, or facilitation of the issuance of sovereign debt of the Government of Iran or debt or equity of an entity owned or controlled by the Government of Iran, in cases where the transactions are for activities described in section 4.1.5 and 4.1.7 of Annex II of the JCPOA; and

D. ISA

ISA section 5(a) – to the extent required for transactions by non-U.S. persons related to:

 (i) the development of petroleum resources of Iran;
 (ii) the production of refined petroleum products in Iran;
 (iii) the exportation of refined petroleum products to Iran;
 (iv) joint ventures with Iran relating to the development of petroleum resources outside of Iran;
 (v) support for the development of petroleum resources and refined petroleum products in Iran;
 (vi) the development and purchase of petrochemical products from Iran;
 (vii) the transportation of crude oil from Iran; or (viii) the ownership, operation, or control of a vessel used in a manner that conceals the Iranian origin of crude oil or refined petroleum products transported on the vessel, in cases where the transactions are for activities described in sections 4.2.1, 4.3.1, 4.3.2, 4.3.4, and 4.3.6 of Annex II of the JCPOA.

VII. Key U.S. Legal Authorities That Remain in Place After Implementation Day

A number of U.S. legal authorities that are outside the scope of the JCPOA and are directed toward, or have been used to address, U.S. concerns with respect to, Iran remain in place after Implementation Day. A non-exhaustive list of such authorities is set out below:

⁹⁴ See supra note 11.

⁹⁵ The waiver provision under section 4(c) of ISA, which is invoked by sections 212(d) and 213(b) of the TRA, as well as section 5(a) of ISA, refers to waiving as to a "national of a country." As a result, the waiver determinations and findings issued by the Secretary of State on Adoption Day use the term "non-U.S. nationals" in connection with sections 212(a) and 213(a) of the TRA and section 5(a) of ISA. For purposes of implementing U.S. commitments under the JCPOA with respect to these sections of the TRA, the term "non-U.S. nationals" has the same meaning as "non-U.S. persons." Therefore, this guidance uses the term "non-U.S. persons" in describing the relevant waivers.

A. Trade Sanctions

1. <u>Trade Embargo</u>: The U.S. domestic trade embargo imposed on Iran under the national emergency declared in E.O. 12957, as implemented through the ITSR, also referred to as U.S. primary sanctions, remains in place following Implementation Day. Pursuant to the ITSR and with limited exceptions, ⁹⁶ U.S. persons, as defined in section 560.314 of the ITSR, continue to be broadly prohibited from engaging in transactions or dealings directly or indirectly with Iran or its government. In addition, non-U.S. persons continue to be prohibited from knowingly engaging in conduct that seeks to evade U.S. restrictions on transactions or dealings with Iran or that causes the export of goods or services from the United States to Iran.

Please note that, under the ITSR, the clearing of transactions involving Iran through the U.S. financial system, including foreign branches of U.S. financial institutions continues to be prohibited.

2. <u>Export Controls</u>: U.S. controls on the exportation or reexportation of goods, technology, and services to Iran imposed pursuant to the ITSR, including sections 560.204 and 560.205, as well as the Export Administration Regulations, 15 C.F.R. parts 730-774 (EAR), and the International Traffic in Arms Regulations, 22 CFR parts 120-130 (ITAR), remain in place. Pursuant to these authorities and unless exempt from regulation or authorized under the relevant regulations, the exportation or reexportation by a U.S. person or from the United States to Iran or the Government of Iran, as well as the reexportation by non-U.S. persons of items that contain 10 percent or more U.S.-controlled content with knowledge or reason to know that the reexportation is intended specifically to Iran or the Government of Iran, generally requires a license.

B. Designation Authorities and Blocking Sanctions

In addition, the United States retains a number of authorities that are directed toward, or have been used to address, U.S. concerns with respect to Iran. Generally, these authorities provide for the imposition of blocking sanctions on persons meeting certain criteria or engaging in specified conduct, as well as their support networks.

Designation authorities:

The activities targeted by these authorities include:

1. <u>Support for terrorism</u>: E.O. 13224 (blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism);

⁹⁶ These exceptions include the three categories of activity the United States has committed to license pursuant to section 5 of Annex II of the JCPOA, as well as activities that are exempt from regulation or authorized under the ITSR. *See* section IV above and sections J, K, and L of the *JCPOA FAQs* for further details.

- 2. Iran's human rights abuses:
 - E.O.s 13553 and 13628 (implementing sections 105, 105A, and 105B of CISADA (related to persons who are responsible for or complicit in human rights abuses committed against the citizens of Iran; transfers of goods or technologies to Iran that are likely to be used to commit serious human rights abuses against the people of Iran; and persons who engage in censorship or similar activities with respect to Iran)); and
 - E.O. 13606 (relating to the provision of information technology used to further serious human rights abuses);
- *3.* <u>Proliferation of WMD and their means of delivery, including ballistic missiles:</u> E.O.s 12938 and 13382;
- 4. <u>Support for persons involved in human rights abuses in Syria or for the</u> <u>Government of Syria</u>: E.O.s 13572 and 13582;
- 5. <u>Support for persons threatening the peace, security, or stability of Yemen</u>: E.O. 13611;
- <u>Transactions or activities described in section 1244(c)(1)(A) of IFCA if the</u> <u>transaction involves any person on the SDN list (other than an Iranian financial</u> <u>institution whose property and interests in property are blocked solely pursuant to</u> <u>E.O. 13599</u>): Section 1244(c)(1) of IFCA;
- <u>Diversion of goods intended for the people of Iran</u>: CISADA 105C, as added by section 1249 of IFCA (relating to the diversion of goods, including agricultural commodities, food, medicine, and medical devices, intended for the people of Iran, or the misappropriation of proceeds from the sale or resale of such goods);
- 8. <u>Knowingly and directly providing specialized financial messaging services to, or</u> <u>knowingly enabling or facilitating direct or indirect access to such messaging</u> <u>services for a financial, institution whose property or interests in property are</u> <u>blocked in connection with Iran's proliferation of WMD or their means of</u> <u>delivery, or Iran's support for international terrorism</u>: Section 220 of the TRA;⁹⁷
- 9. <u>Officials, agents, and affiliates of the IRGC</u>: Section 301 of the TRA⁹⁸ (providing for the designation of officials, agents, or affiliates of the IRGC); and

⁹⁷ The United States has committed not to apply the sanctions under section 220 of the TRA with respect to the CBI or any financial institution listed in Attachment 3 to Annex II of the JCPOA.

 $^{^{98}}$ Section 302(b)(2) of the TRA further provides for discretionary blocking of persons determined to meet the criteria set out in section 302(a). *See* section VII.D.1 below.

Foreign sanctions evaders: E.O. 13608 (authorizing the imposition of prohibitions on transactions or dealings by U.S. persons involving persons determined to have: (i) violated, attempted to violate, conspired to violate, or caused a violation of U.S. sanctions with respect to Iran or Syria (including sanctions imposed under counter-proliferation or counter-terrorism authorities); or (ii) facilitated deceptive transactions for or on behalf of any person subject to U.S. sanctions concerning Iran or Syria).⁹⁹

Blocking authorities:

The persons targeted by these authorities include:

- 1. <u>*The Government of Iran and Iranian Financial Institutions:*</u> E.O. 13599, section 217(a) of the TRA, section 560.211 of the ITSR; and
- 2. <u>Islamic Republic of Iran Broadcasting and its president under section 105(c) of</u> <u>CISADA</u>: Section 1248 of IFCA.

C. Correspondent and Payable-through Account Sanctions

After Implementation Day, FFIs may be subject to correspondent or payable-through account secondary sanctions for:

- 1. Knowingly facilitating a significant financial transaction with designated Iranian financial institutions that remain or are placed on the SDN List (section 1245(d) of NDAA 2012);
- 2. Knowingly facilitating a significant financial transaction on behalf of any Iranian persons that remain or are placed on the SDN List (section 1247(a) of IFCA);
- 3. Knowingly facilitating a significant financial transaction or providing significant financial services for any other person on the SDN List with the "[IFSR]" identifying tag (*i.e.*, the Islamic Revolutionary Guard Corps (IRGC) and any of its designated officials, agents, or affiliates; individuals and entities designated pursuant to E.O. 13382 in connection with Iran's proliferation of WMD or their means of delivery; and individuals and entities designated pursuant to E.O. 13224 in connection with Iran's upport for international terrorism) (section 104(c)(2)(E) of CISADA);
- 4. Knowingly facilitating a significant financial transaction for the sale, supply, or transfer to or from Iran of significant goods and services used in connection with the energy, shipping, or shipbuilding sectors of Iran where the transactions

⁹⁹ E.O. 13608 is not a blocking authority. However, U.S. persons are prohibited from engaging in transactions or dealings with persons sanctioned under this authority.

involve persons who remain or are placed on the SDN List (section 1244(d)(2) of IFCA); or

5. Knowingly conducting or facilitating a significant financial transaction for the sale, supply, or transfer to or from Iran of graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes that have been determined pursuant to section 1245(e)(3) of IFCA to be used as described in that section if the transactions involve (i) persons on the SDN List; (ii) the sale, supply, or transfer of materials described in section 1245(d) of IFCA that have not been approved by the procurement channel established pursuant to paragraph 16 of UNSCR 2231 and section 6 of Annex IV of the JCPOA, in cases in which the procurement channel applies; or (iii) the sale, supply, or transfer of materials described in sold, supplied, or transferred, or resold, retransferred, or otherwise supplied directly or indirectly, for use in connection with the military or ballistic missile program of Iran (section 1245(c) of IFCA).

D. Menu-based Sanctions

After Implementation Day, menu-based secondary sanctions continue to attach to:

- 1. Persons who materially assist, sponsor, or provide financial, material, or technological support for, or goods or services in support of: the IRGC or any of its officials, agents, or affiliates blocked pursuant to IEEPA; persons that engage in significant transactions with (i) any of the foregoing or (ii) persons subject to financial sanctions pursuant to the UNSCRs that impose sanctions with respect to Iran, or a person acting for or on behalf of, or owned or controlled by, such person (section 302(a) of the TRA);
- 2. Non-U.S. persons who engage in transactions or activities described in sections 1244(d)(1) and 1246(a) of IFCA if the transactions involve persons on the SDN List; and
- 3. Non-U.S. persons who sell, supply, or transfer directly or indirectly to or from Iran graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes that have been determined pursuant to section 1245(e)(3) of IFCA to be used as described in that section if the transactions involve (i) persons on the SDN List; (ii) the sale, supply, or transfer of materials described in section 1245(d) of IFCA that have not been approved by the procurement channel established pursuant to paragraph 16 of UNSCR 2231 and section 6 of Annex IV of the JCPOA, in cases in which the procurement channel applies; or (iii) the sale, supply, or transfer of materials described in section 1245(d) of IFCA if the material is sold, supplied, or transferred, or resold, retransferred, or otherwise supplied directly or indirectly, for use in connection with the military or ballistic missile program of Iran (section 1245(a) of IFCA).

E. Non-Proliferation Sanctions

On Transition Day, the United States will seek such legislative action as may be appropriate to terminate, or modify to effectuate the termination of, the nuclear proliferation-related statutory sanctions set forth in paragraph 4.9 of Annex II of the JCPOA, including sanctions under the Iran, North Korea and Syria Nonproliferation Act on the acquisition of nuclear-related commodities and services for nuclear activities contemplated in the JCPOA, to be consistent with the U.S. approach to other non-nuclear weapon states under the Treaty on the Non-Proliferation of Nuclear Weapons. The JCPOA does not address the application of a number of generally-applicable non-proliferation statutes related to transfers of proliferation-sensitive equipment and technology, or statutes that provide for sanctions for activities that would be outside the scope of the JCPOA.

F. Terrorism List Sanctions

Iran remains designated as a state sponsor of terrorism under relevant laws (section 6(j) of the Export Administration Act; section 40 of the Arms Export Control Act; and section 620A of the Foreign Assistance Act), and the JCPOA does not alter that designation. A number of different sanctions laws and restrictions are keyed to this designation, including restrictions on foreign assistance (22 U.S.C. § 2371), a ban on defense exports and sales (22 U.S.C. § 2780), controls on exports of certain sensitive technology and dual-use items (50 U.S.C. App. § 2405), and various financial and other restrictions.

This document is explanatory only and does not have the force of law. Please see particularly the legally binding provisions cited below governing the sanctions. This document does not supplement or modify the statutory authorities, Executive orders, or regulations.

<u>Frequently Asked Questions Relating to the Lifting of Certain U.S. Sanctions</u> <u>Under the Joint Comprehensive Plan of Action (JCPOA) on Implementation Day¹</u>

A. <u>GENERAL QUESTIONS</u>

A. 1. What is Implementation Day? When does the lifting of sanctions under the JCPOA go into effect?

Implementation Day, which is January 16, 2016, marks the day on which the International Atomic Energy Agency (IAEA) verified that Iran implemented its nuclearrelated commitments described in sections 15.1-15.11 of Annex V of the JCPOA. Simultaneous with the IAEA verification, the European Union (EU) and United States took the actions necessary to lift sanctions as set out in sections 16 and 17, respectively, of Annex V of the JCPOA. Following confirmation by the Secretary of State that the IAEA verified that Iran met its commitments, the Department of the Treasury's Office of Foreign Assets Control (OFAC) updated its website to notify the public that the U.S. sanctions commitments described in section 17 of Annex V of the JCPOA have been implemented.

A. 2. What sanctions were lifted on Implementation Day? What activities involving Iran are covered by the lifting of sanctions on Implementation Day?

On Implementation Day, the United States lifted the nuclear-related "secondary sanctions" described in sections 4.1-4.7 of Annex II and 17.1-17.2 of Annex V of the JCPOA and detailed below. Secondary sanctions generally are directed toward non-U.S. persons² for specified conduct involving Iran that occurs entirely outside of U.S. jurisdiction.

Specifically, on Implementation Day, the United States lifted the following secondary sanctions:

¹ For additional information regarding the subjects covered in these Frequently Asked Questions (FAQs), please see the *Guidance Relating to the Lifting of Certain U.S. Sanctions Pursuant to the Joint Comprehensive Place of Action on Implementation Day* (Guidance Document) issued by the U.S. Department of the Treasury and the U.S. Department of State.

² For the purpose of these FAQs, the term "non-U.S. person" means any individual or entity excluding any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States. However, an entity that is owned or controlled by a United States person and established or maintained outside the United States (a "U.S.-owned or -controlled foreign entity") is eligible to participate in transactions or activities subject to the sanctions lifting under the JCPOA only to the extent the U.S.-owned or -controlled foreign entity is authorized by OFAC to engage in such transactions or activities, including pursuant to General License H (*see* section K of these FAQs).

- Financial and banking-related sanctions (*see* sections 4.1 of Annex II and 17.1 of Annex V of the JCPOA and section C of these FAQs);
- Sanctions on the provision of underwriting services, insurance, or re-insurance in connection with activities that are consistent with the JCPOA (*see* sections 4.2 of Annex II and 17.1 of Annex V of the JCPOA and section D of these FAQs);
- Sanctions on Iran's energy and petrochemical sectors (*see* sections 4.3 of Annex II and 17.1 of Annex V of the JCPOA and section B of these FAQs);
- Sanctions on transactions with Iran's shipping and shipbuilding sectors and port operators (*see* sections 4.4 of Annex II and 17.1 of Annex V of the JCPOA and section E of these FAQs);
- Sanctions on Iran's trade in gold and other precious metals (*see* sections 4.5 of Annex II and 17.1 of Annex V of the JCPOA and section F of these FAQs);
- Sanctions on trade with Iran in graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes, in connection with activities that are consistent with the JCPOA (*see* sections 4.6 of Annex II and 17.2 of Annex V of the JCPOA and section G of these FAQs);
- Sanctions on the sale, supply, or transfer of goods and services used in connection with Iran's automotive sector (*see* sections 4.7 of Annex II and 17.1 of Annex V of the JCPOA and section H of these FAQs); and
- Sanctions on associated services for each of the categories above (*see* sections 4.1-4.7 of Annex II and 17.1-17.2 of Annex V of the JCPOA) (*see* FAQ A.7 for a discussion of "associated services").

In addition to the lifting of the nuclear-related secondary sanctions set out above, on Implementation Day, the United States removed over 400 individuals and entities from OFAC's List of Specially Designated Nationals and Blocked Persons (SDN List), the Foreign Sanctions Evaders List (FSE List), and/or the Non-SDN Iran Sanctions Act List (NS-ISA List), as appropriate, pursuant to its commitment under sections 4.8.1 of Annex II and 17.3 of Annex V of the JCPOA. The names of those individuals and entities are set out in Attachment 3 to Annex II of the JCPOA. Beginning on Implementation Day, non-U.S. persons will no longer be subject to sanctions for conducting transactions with any of the more than 400 individuals and entities set out in Attachment 3 to Annex II of the JCPOA, including the Central Bank of Iran (CBI) and the specified Iranian financial institutions, provided these transactions do not involve persons on the SDN List after Implementation Day or conduct described in FAQ A.3.ii-iii. That said, secondary sanctions continue to apply to non-U.S. persons for conducting transactions with any of the more than 200 Iranian or Iran-related individuals and entities who remain or are placed on the SDN List, notwithstanding the lifting of secondary sanctions on categories and sectors as set out above (see FAQ A.6).

Pursuant to its commitments under sections 4 of Annex II and 17.4 of Annex 5, the United States terminated Executive Orders 13574, 13590, 13622, and 13645, and sections 5-7 and 15 of Executive Order 13628 (*see* FAQs A.8 and A.9).

Pursuant to sections 5 of Annex II and 17.5 of Annex V of the JCPOA, the United States has committed to license three categories of activity that would otherwise be prohibited under the Iranian Transactions and Sanctions Regulations, 31 C.F.R. Part 560 (ITSR), provided that the transactions do not involve individuals and entities on the SDN List and are otherwise consistent with the JCPOA and applicable U.S. law. Accordingly, on Implementation Day, OFAC issued:

- A Statement of Licensing Policy allowing for the case-by-case licensing of individuals and entities seeking to export, reexport, sell, lease, or transfer to Iran commercial passenger aircraft, and related parts and services, for exclusively commercial passenger aviation (*see* section J of these FAQs);
- A general license authorizing U.S.-owned or -controlled foreign entities to engage in certain activities involving Iran (*see* section K of these FAQs); and
- A general license, which is effective upon publication in the *Federal Register*, authorizing the importation into the United States of Iranian-origin carpets and foodstuffs, including pistachios and caviar (*see* section L of these FAQs).

The U.S. commitments to lift secondary sanctions described in these FAQs do not apply to transactions or activities involving individuals and entities who remain or are placed on OFAC's SDN List after Implementation Day and are without prejudice to any other U.S. sanctions that may apply under legal provisions other than those cited in section 4 of Annex II of the JCPOA.³

A. 3. Broadly, what U.S. sanctions against Iran remain in place after Implementation Day? What activities involving Iran trigger sanctions after Implementation Day?

A number of U.S. sanctions authorities with respect to Iran remain in place after Implementation Day, including those set out below.

i. *Primary U.S. Sanctions.* The U.S. domestic trade embargo on Iran remains in place. Even after Implementation Day, with limited exceptions, U.S. persons⁴ – including U.S. companies – continue to be broadly prohibited from engaging in transactions or dealings with Iran or its government. In addition, the Government of Iran and Iranian financial institutions remain persons whose property and interests in property are blocked under Executive Order 13599 and section

³ For example, a transaction involving Iran that would be sanctionable under an authority that is not lifted pursuant to the JCPOA (e.g., a U.S. sanctions authority relating to Yemen or Syria) remains sanctionable under that other authority after Implementation Day.

⁴ For the purpose of primary U.S. sanctions administered by OFAC and these FAQs, the term "U.S. person" means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States. *See* section 560.314 of the ITSR. While a U.S. branch of a foreign financial institution would be considered a U.S. person for the purposes of the ITSR, the foreign financial institution located outside the United States would not.

560.211 of the ITSR, and U.S. persons continue to be broadly prohibited from engaging in transactions or dealings with the Government of Iran and Iranian financial institutions, with the exception of transactions that are exempt from regulation or authorized by OFAC. Unless an exemption or express OFAC authorization applies, U.S. persons continue to have an obligation to block the property and interests in property of all individuals and entities that meet the definition of the Government of Iran or an Iranian financial institution, regardless of whether or not the individual or entity has been identified by OFAC on the E.O. 13599 List (*see* FAQ I.2). In addition, non-U.S. persons continue to be prohibited from knowingly⁵ engaging in conduct that seeks to evade U.S. restrictions on transactions or dealings with Iran or that causes the export of goods or services from the United States to Iran.

- Designation authorities. In addition, after Implementation Day, the United States retains a number of authorities to counter Iran's other activities, including the following authorities which are also listed in section VII.B of the <u>Guidance</u> <u>Document</u>:
 - <u>Support for terrorism</u>: Executive Order 13224 (blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism);
 - o Iran's human rights abuses:
 - Executive Orders 13553 and 13628 (implementing sections 105, 105A, and 105B of CISADA (related to persons who are responsible for or complicit in human rights abuses committed against the citizens of Iran; transfers of goods or technologies to Iran that are likely to be used to commit serious human rights abuses against the people of Iran; and persons who engage in censorship or similar activities with respect to Iran)); and
 - Executive Order 13606 (relating to the provision of information technology used to further serious human rights abuses);
 - <u>Proliferation of WMD and their means of delivery, including ballistic</u> <u>missiles</u>: Executive Orders 12938 and 13382;
 - Support for persons involved in human rights abuses in Syria or for the Government of Syria: Executive Orders 13572 and 13582; and
 - <u>Support for persons threatening the peace, security, or stability of Yemen</u>: Executive Order 13611.

⁵ For the purpose of these FAQs, with respect to conduct, a circumstance, or a result, the term "knowingly" means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result (*see* FAQ 289).

These authorities generally provide the ability to impose blocking sanctions on individuals and entities that meet specified criteria, including for providing material support to persons engaged in the activities targeted by the authority.

Secondary Sanctions targeting dealings by non-U.S. persons with Iran-related persons remaining on the SDN List after Implementation Day or involving trade in certain materials involving Iran. After Implementation Day, secondary sanctions continue to attach to significant⁶ transactions with: (1) Iranian persons that are on the SDN List; (2) the Islamic Revolutionary Guard Corps (IRGC) and its designated agents or affiliates; and (3) any other person on the SDN List designated under Executive Order 13224 or Executive Order 13382 in connection with Iran's proliferation of weapons of mass destruction (WMD) or their means of delivery or Iran's support for international terrorism (see FAQ A.6). In addition, sanctions targeting certain activities related to trade in materials described in section 1245(d) of the Iran Freedom and Counter-Proliferation Action of 2012 (IFCA) that are outside the scope of the JCPOA and related waivers remain in place.

See section VII of the <u>Guidance Document</u> for additional information regarding U.S. legal authorities directed toward, or that have been used to address, U.S. concerns with respect to Iran, which are outside the scope of the JCPOA and remain in place following Implementation Day.

A. 4. How did United States lift sanctions on Implementation Day?

On Implementation Day, the United States lifted the secondary sanctions described in sections 4.1-4.8 of Annex II and 17.1-17.4 of Annex V of the JCPOA by (1) issuing waivers of certain statutory sanctions provisions, (2) committing to refrain from exercising certain discretionary sanctions authorities, (3) removing certain individuals and entities from OFAC's sanctions lists, and (4) revoking certain Executive orders and specified sections of an Executive order.

• Waivers and Non-Exercise of Discretionary Authorities. On October 18, 2015, or "Adoption Day" under the JCPOA, the Department of State issued contingent waivers of certain statutory sanctions provisions. These waivers came into effect on Implementation Day upon confirmation by the Secretary of State that Iran implemented the nuclear-related measures specified in sections 15.1-15.11 of Annex V of the JCPOA, as verified by the IAEA. Sections II and VI of the <u>Guidance Document</u> provide details on the specific provisions waived on Implementation Day and certain discretionary sanctions authorities the United States has committed not to exercise.

⁶ For the purpose of these FAQs, OFAC will rely on the interpretation set out in 561.404 of the IFSR in determining whether transactions, financial transactions, or financial services are significant (*see* FAQ 289).

- *Removal of Sanctions Listings*. On Implementation Day, the individuals and entities set out in <u>Attachment 3</u> to Annex II of the JCPOA were removed from the SDN List, FSE List, and/or NS-ISA List, as appropriate (*see* FAQ I.1).
- *Termination of Executive Orders*. On Implementation Day, the President issued an Executive order revoking Executive Orders 13574, 13590, 13622, and 13645, and sections 5-7 and 15 of Executive Order 13628, as provided for in section 17.4 of the JCPOA (*see* FAQs A.8 and A.9).

In addition, on Implementation Day, the United States issued a Statement of Licensing Policy and two general licenses to implement its commitments under sections 5 of Annex II and 17.5 of Annex V of the JCPOA (*see* sections J, K, and L of these FAQs).

A. 5. Are U.S. persons able to engage in any of the transactions with Iran outlined in the JCPOA?

The United States committed under the JCPOA to license U.S. persons to engage in certain transactions related to three categories of activity set out in section 5 of Annex II of the JCPOA (*see* sections J, K, and L of these FAQs). However, post-Implementation Day, U.S. persons continue to be generally prohibited from engaging in transactions or dealings involving Iran, including the Government of Iran and Iranian financial institutions, with the exception of specific activities that are exempt from regulation or authorized by OFAC, including the three categories of activity that the United States committed to licensing. Following Implementation Day, U.S. persons continue to be authorized to undertake a range of activities involving Iran pursuant to general licenses issued by OFAC, including for example the longstanding authorization for exports to Iran of agricultural commodities (including food), medicine, and medical supplies.

A. 6. Post-Implementation Day, are transactions with Iran-related persons who remain on the SDN List sanctionable? How do I know if secondary sanctions attach to a transaction with a person on the SDN List?

Yes. While over 400 individuals and entities were removed from the SDN list on Implementation Day, secondary sanctions continue to apply to non-U.S. persons who knowingly facilitate significant financial transactions with or provide material or certain other support to those Iranian or Iran-related persons that remain or are placed on the SDN List.

In particular, after Implementation Day, secondary sanctions continue to attach to such activities with: (1) Iranian persons that remain or are placed on the SDN List; (2) the IRGC and its designated agents or affiliates; and (3) any other person on the SDN List designated under Executive Order 13224 or Executive Order 13382 in connection with Iran's proliferation of WMD or their means of delivery or Iran's support for international terrorism.

To assist the public, SDN List entries for these persons contain the phrase "Subject to Secondary Sanctions" in the "Additional Sanctions Information" field. In addition, SDN List entries for persons subject to secondary sanctions pursuant to section 104(c)(2)(E) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA) include special identifying tags: the IRGC and its designated agents or affiliates are identified with the tag "[IRGC]" and SDNs designated pursuant to Executive Order 13224 or Executive Order 13382 in connection with, respectively, Iran's proliferation of WMD or their means of delivery or Iran's support for international terrorism are identified with the tag "[IFSR]."

For a list of additional activities that can subject a foreign financial institution to secondary sanctions pursuant to CISADA, *see* FAQ <u>149</u>.

In addition, U.S. persons continue to be generally prohibited from dealing with persons on the SDN List. The SDN List has the potential to change and persons should continue to monitor the SDN List for the most up-to-date information.

A. 7. Is the provision of associated services that are ordinarily incident to the underlying activities for which sanctions have been lifted pursuant to the JCPOA allowed? What does the term "associated services" mean when used in Annex II of the JCPOA?

Yes. Beginning on Implementation Day, non-U.S. persons may provide associated services that are ordinarily incident to those activities for which sanctions have been lifted as described in sections 4.1-4.7 of Annex II and 17.1-17.2 of Annex V of the JCPOA, provided such services are consistent with the JCPOA and do not involve persons on the SDN List or other activities that would be sanctionable under U.S. law. As a general matter, U.S. persons are prohibited from providing associated services in connection with activities involving Iran; however, they may be authorized by OFAC to provide such services in connection with activities authorized pursuant to a specific license, such as for exports of commercial passenger aircraft and related parts and services covered by the commitment in sections 5.1.1 of Annex II and 17.5 of Annex V of the JCPOA (see section J of these FAQs), or under a general license, such as that for the importation of Iranian-origin carpets and foodstuffs into the United States pursuant to the commitment in sections 5.1.3 of Annex II and 17.5 of Annex V of the JCPOA (see section L of these FAOs). For purposes of those activities for which sanctions have been lifted as described in sections 4.1-4.7 of Annex II and 17.1-17.2 of Annex V of the JCPOA, the term "associated services" means any service - including technical assistance, training, insurance, re-insurance, brokering, transportation, or financial service - necessary and ordinarily incident to the underlying activity for which sanctions have been lifted pursuant to the JCPOA.

A. 8. Did the Executive order issued on Implementation Day terminate any sanctions?

Yes. As provided for in sections 4 of Annex II and 17.4 of Annex V of the JCPOA, the Executive order published on Implementation Day revoked Executive Orders 13574,

13590, 13622, and 13645, and sections 5-7 and 15 of Executive Order 13628. However, sanctions authorities contained in the remaining sections of Executive Order 13628 remain in effect.

The Executive order that was published on Implementation Day has no effect on the national emergency declared in 1995 with respect to Iran, which remains in place, or on any Executive order issued in furtherance of that national emergency other than Executive Orders 13574, 13590, 13622, 13628, and 13645.

A. 9. Did the Executive order issued on Implementation Day impose new sanctions with respect to Iran?

No. The new Executive order did not impose any new sanctions with respect to Iran. However, the Executive order includes certain technical provisions that relate to the implementation of statutory authorities that are outside the scope of U.S. commitments with respect to sanctions described in sections 4.1-4.8 and 5 of Annex II and sections 17.1-17.3 and 17.5 of Annex V of the JCPOA. Specifically, these provisions apply to the extent sanctions are imposed pursuant to sections 1244(c)(1), 1244(d)(1)(A), 1245(a)(1), and 1246(a) of IFCA with respect to transactions or activities that are outside the scope of the U.S. commitments with respect to sanctions under the JCPOA.

A. 10. What is Transition Day? What will happen on Transition Day?

Transition Day will occur eight years from <u>Adoption Day</u>, which occurred on October 18, 2015, or upon the date the IAEA has reached the Broader Conclusion that all nuclear material in Iran is used for peaceful activities, whichever is earlier.

On Transition Day, the United States will remove individuals and entities set out in <u>Attachment 4</u> to Annex II of the JCPOA from the SDN List and/or the FSE List, as set out in section 21.3 of Annex V of the JCPOA.⁷

In addition, the United States will seek such legislative action as may be appropriate to terminate, or modify to effectuate the termination of, the statutory sanctions set forth in sections 4.1-4.5, 4.7, and 4.9 of Annex II of the JCPOA and the statutory sanctions described in section 4.6 of Annex II, in connection with activities consistent with the JCPOA, as set out in sections 21.1-21.2 of Annex V of the JCPOA. OFAC anticipates issuing further guidance on Transition Day measures prior to Transition Day.

A. 11. What happens to the sanctions suspended under the JPOA?

The sanctions that were temporarily suspended under the Joint Plan of Action of November 24, 2013, as extended (JPOA), are a subset of those sanctions that were lifted on Implementation Day pursuant to the JCPOA. Consequently, upon Implementation

⁷ Pursuant to relevant statutes and Executive orders, the U.S. government retains the ability to remove persons from the relevant sanctions lists prior to Transition Day if the circumstances warrant.

Day, the JPOA ceased to be in effect and the relevant sanctions lifting was provided as part of the JCPOA.

B. ENERGY AND PETROCHEMICAL SECTORS

B. 1. The JCPOA provides that, on Implementation Day, the United States will cease efforts to reduce Iran's crude oil sales, including limitations on the quantities of Iranian crude sold, the jurisdictions that can purchase Iranian crude oil, and how Iranian oil revenues can be used. Are non-U.S. persons able to purchase Iranian oil beginning on Implementation Day?

Yes. As a result of the U.S. commitments specified in sections 4.3 of Annex II and 17.1 of Annex V of the JCPOA, beginning on Implementation Day, the United States is no longer pursuing efforts to reduce Iran's sales of crude oil under the National Defense Authorization Act for Fiscal Year 2012 (NDAA) (including limitations on the quantity of crude sold and the jurisdictions that can purchase Iranian crude oil). The restriction on use of proceeds of sales of Iranian petroleum and petroleum products for bilateral trade with Iran, which previously applied to the 20 jurisdictions with a so-called "significant reduction exception" under the NDAA, no longer apply. In addition, the restrictions on Iranian oil revenues held abroad have been lifted.

Consequently, beginning on Implementation Day, secondary sanctions do not apply to non-U.S. persons that purchase, acquire, sell, transport, or market Iranian crude oil, provided that the transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

U.S. persons continue to be generally prohibited under the ITSR from involvement in the activity described above. In addition, transactions related to the above-mentioned activity are prohibited from transiting the U.S. financial system.

B. 2. Can non-U.S. persons invest in Iran's oil, gas, and petrochemical sectors beginning on Implementation Day?

Yes. As a result of the U.S. commitments specified in sections 4.3 of Annex II and 17.1 of Annex V of the JCPOA, beginning on Implementation Day, the United States lifted sanctions on investments by non-U.S. persons in the oil, gas, or petrochemical sectors of Iran. As a result, non-U.S. persons are no longer subject to sanctions for investing in Iran's oil, gas, or petrochemical sectors (including through participation in joint ventures), provided that transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

B. 3. Can non-U.S. persons provide goods and services in connection with Iran's energy sector beginning on Implementation Day?

Yes. As a result of the U.S. commitments specified in sections 4.3 of Annex II and 17.1 of Annex V of the JCPOA, beginning on Implementation Day, it is no longer

sanctionable for non-U.S. persons to provide goods, services (including financial services), or technology used in connection with Iran's energy sector, the development of Iran's petroleum resources, including the domestic production of refined petroleum products and petrochemical products, or associated services, provided that transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

B. 4. Beginning on Implementation Day, can non-U.S. persons purchase, acquire, sell, transport, or market petroleum, petrochemical products, and natural gas from Iran?

Yes. On Implementation Day, the United States lifted secondary sanctions on the purchase, acquisition, sale, transport, or marketing of petroleum, petroleum products (including refined petroleum products), petrochemical products, and natural gas (including liquefied natural gas) from Iran, and the provision of associated services. As a result, beginning on Implementation Day, non-U.S. persons are no longer subject to sanctions for engaging in such activities, provided that transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

B. 5. Beginning on Implementation Day, can non-U.S. persons export, sell, or provide refined petroleum products and petrochemical products to Iran?

Yes. On Implementation Day, the United States lifted secondary sanctions on the export, sale, or provision of refined petroleum products and petrochemical products to Iran. As a result, beginning on Implementation Day, non-U.S. persons are no longer subject to sanctions for engaging in these activities, provided that transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

B. 6. Beginning on Implementation Day, can U.S. persons export, sell, or provide goods, services, or technology to Iran's energy sector?

No. Under section 560.204 of the ITSR, U.S. persons continue to be broadly prohibited from exporting any goods, services, or technology directly or indirectly to Iran, with the exception of transactions that are exempt from regulation or authorized by OFAC (*see* FAQ M.9).

B. 7. Beginning on Implementation Day, are non-U.S. persons able to engage in transactions with Iran's energy sector, including the National Iranian Oil Company (NIOC), the Naftiran Intertrade Company (NICO), and the National Iranian Tanker Company (NITC)?

Yes. On Implementation Day, the United States lifted secondary sanctions on Iran's energy sector. As part of its efforts to give effect to this relief, the United States resolved a number of past designations and determinations, including the Department of the Treasury's determination with respect to NIOC under section 312 of the TRA. In particular, the Department of the Treasury determined that NIOC is no longer an agent or affiliate of the IRGC. Beginning on Implementation Day, non-U.S. persons are no longer

subject to sanctions for engaging in activities with Iran's energy sector, including transactions with NIOC, NITC, and NICO, and the provision of associated services, provided that transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

B. 8. Beginning on Implementation Day is it permissible to make payments for Iranian oil through the U.S. financial system?

No. The JCPOA provides that, on Implementation Day, the United States ceased efforts to reduce Iran's crude oil sales and lifted secondary sanctions on investment in Iran's oil, gas, and petrochemical sectors, as well as on the export, sale or provision of refined petroleum. This lifting of sanctions pertains solely to non-U.S. persons, and U.S. persons continue to be prohibited from engaging in activities related to Iran's energy sector. Similarly, as a general matter, U.S. financial institutions continue to be prohibited from processing payments related to Iranian oil.

C. <u>FINANCIAL AND BANKING MEASURES</u>

C. 1. Which financial and banking sanctions are relieved under the JCPOA?

Pursuant to U.S. commitments in sections 4.1 of Annex II and 17.1 of Annex V of the JCPOA, beginning on Implementation Day, secondary sanctions do not apply to non-U.S. persons who engage in:

- Financial and banking transactions with individuals and entities removed from the SDN List, FSE List, and/or NS-ISA List, as appropriate, on Implementation Day (including sanctions on the opening and maintenance of correspondent and payable-through accounts, investments, foreign exchange transactions, and letters of credit). Individuals and entities that were removed include the CBI and most other Iranian financial institutions, NIOC, NICO, NITC, and other specified individuals and entities identified by OFAC as the Government of Iran on the SDN List. For the full list of individuals and entities that were removed from SDN List, FSE List, and/or NS-ISA List on Implementation Day, *see* <u>Attachment 3</u> to Annex II of the JCPOA;
- Transactions and other activity related to the Iranian rial;
- Provision of U.S. bank notes to the Government of Iran, including the provision of material support for such transactions;
- The purchase, subscription to, or facilitation of the issuance of Iranian sovereign debt, including governmental bonds; and
- The provision of financial messaging services to the CBI and other Iranian financial institutions removed from the SDN List on Implementation Day.

The U.S. commitments also include the lifting of bilateral trade limitations on CBI revenues held abroad, including limitations on their transfer, as set forth in section 1245(d) of the NDAA. As a result of the lifting of these sanctions, foreign financial

institutions⁸ are able to conduct transactions with respect to the CBI's previously restricted funds abroad unless such transactions involve persons that remain on the SDN List or conduct described in FAQ A.3.ii-iii.

U.S. persons continue to be generally prohibited under the ITSR from involvement in the activity described above. In addition, transactions related to the above-mentioned activity are prohibited from transiting the U.S. financial system.

C. 2. What sanctions on the CBI were lifted? What sanctions on the CBI remain?

As a general matter, non-U.S. persons, including foreign financial institutions, can engage in financial and banking transactions with the CBI beginning on Implementation Day without exposure to sanctions. U.S. persons, however, continue to be broadly prohibited from engaging in transactions or dealings with the Government of Iran and Iranian financial institutions, including the CBI, with the exception of transactions that are exempt from regulation or authorized by OFAC. In addition, unless an exemption or express OFAC authorization applies, U.S. persons must, pursuant to Executive Order 13599 and the ITSR, continue to block the property and interests in property of these persons.

C. 3. After Implementation Day, will foreign financial institutions be subject to sanctions for conducting or facilitating transactions with persons removed from the SDN List?

No. As set out in the JCPOA, foreign financial institutions are able to conduct or facilitate financial transactions with persons listed in <u>Attachment 3</u> to Annex II of the JCPOA who have been removed from the SDN List, FSE List, and/or NS-ISA List, as appropriate, provided that such transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii. This would include transactions by foreign financial institutions that have branches in the United States, provided that the branches in the United States are not directly or indirectly involved in the transactions. In addition, such transactions may not transit the U.S. financial system.

⁸ A foreign financial institution is defined in section 561.308 of the Iranian Financial Sanctions Regulations, 31 C.F.R. part 561 (IFSR), as any foreign entity that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes but is not limited to depository institutions, banks, savings banks, money service businesses, trust companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, dealers in precious metals, stones, or jewels, and holding companies, affiliates, or subsidiaries of any of the foregoing. For purposes of the lifting of sanctions set out in sections 4.1.1-4.1.7 of Annex II and 17.1 of Annex V of the JCPOA, the effects of the sanctions lifting described for non-U.S financial institutions extend to the activities outside of U.S. jurisdiction of international financial institutions, including those identified in 22 U.S.C. § 262r(c)(2).

C. 4. Will foreign financial institutions be subject to sanctions for opening or maintaining correspondent accounts for Iranian financial institutions removed from the SDN List?

No. As set out in the JCPOA, foreign financial institutions will not be not subject to secondary sanctions for opening or maintaining correspondent accounts for Iranian financial institutions listed in <u>Attachment 3</u> to Annex II of the JCPOA that have been removed from the SDN List, FSE List, and/or NS-ISA List, as appropriate, provided that such activity does not include conduct described in FAQ A.3.ii-iii, and provided further that the foreign financial institution does not conduct or facilitate, and is not otherwise involved in, specific transactions or banking relationships with Iranian individuals and entities, including financial institutions, on the SDN List. Any transactions processed to or through the United States or that involve a U.S. person, directly or indirectly, continue to be prohibited unless they are exempt from regulation or authorized by OFAC.

C. 5. The JCPOA provides that the United States will lift secondary sanctions related to the provision of financial messaging services to the CBI and Iranian financial institutions set out in Attachment 3 to Annex II on Implementation Day. Does this mean that these Iranian banks can receive specialized financial messaging services from non-U.S. providers?

Yes. As detailed in section 4.1.6 of Annex II of the JCPOA, the United States will not impose sanctions on non-U.S. persons that provide specialized financial messaging services to, or enable or facilitate direct or indirect access to such services for, the CBI or Iranian financial institutions, with the exception of entities that remain or are placed on the SDN List (as of Implementation Day, Iranian financial institutions remaining on the SDN List are: Ansar Bank, Bank Saderat, Bank Saderat PLC, and Mehr Bank).

U.S. persons – including U.S. financial institutions – continue to be broadly prohibited from engaging in transactions involving Iran, including the provision of specialized financial messaging services to, or enabling or facilitating direct or indirect access to such services for, the CBI or Iranian financial institutions, unless the transactions are exempt from regulation or authorized by OFAC. In addition, *see* FAQ C.7 regarding prohibitions on clearing U.S. dollar transactions involving Iranian persons through the United States.

C. 6. Are U-turn transactions involving the United States allowed after Implementation Day?

No. After Implementation Day, U.S. persons continue to be prohibited from exporting goods, services (including financial services), or technology directly or indirectly to Iran. The so-called "U-turn general license," which allowed U.S. dollar clearing activities involving Iran prior to its revocation in November 2008, was not reinstated on Implementation Day, and U.S. financial institutions continue to be prohibited from clearing transactions involving Iran, with the exception of transactions that are exempt or authorized by a general or specific license issued pursuant to the ITSR.

C. 7. After Implementation Day, are foreign financial institutions allowed to clear U.S. dollar transactions involving Iranian persons?

After Implementation Day, foreign financial institutions need to continue to ensure they do not clear U.S. dollar-denominated transactions involving Iran through U.S. financial institutions, given that U.S. persons continue to be prohibited from exporting goods, services, or technology directly or indirectly to Iran, including financial services, with the exception of transactions that are exempt or authorized by a general or specific license issued pursuant to the ITSR. U.S. persons continue to be prohibited from engaging in any transactions involving Iran, including in currencies other than the U.S. dollar, with the exception of transactions that are exempt or authorized by OFAC.

C. 8. The JCPOA provides that the United States will lift secondary sanctions on the provision of U.S. bank notes to the Government of Iran on Implementation Day. What does this entail?

As detailed in section 4.1.3 of Annex II of the JCPOA, beginning on Implementation Day, the provision of U.S. bank notes to the Government of Iran by non-U.S. persons is no longer sanctionable, provided that the transaction does not involve any person on the SDN List or conduct described in FAQ A.3.ii-iii. U.S. persons continue to be prohibited from directly or indirectly providing U.S. bank notes to the Government of Iran. In addition, transactions related to the above-mentioned activity continue to be prohibited from transiting the U.S. financial system.

C. 9. What are the due diligence expectations for U.S. financial institutions in investigating Iran-related transactions?

For purposes of overall sanctions compliance, Treasury expects that U.S. financial institutions will continue to implement a risk-based compliance program that tailors internal policies, procedures, and processes to appropriately mitigate their sanctions exposure.

For all OFAC sanctions programs – including the Iran sanctions program – a financial institution should ensure that it has the appropriate procedures in place to identify, escalate, interdict, and report transactions that are in violation of sanctions regulations. OFAC continues to provide industry-specific guidance on compliance policies and procedures on its website, and specific questions relating to Iran-related transactions can be directed to the OFAC Hotline at 1-800-540-6322 or 202-622-2490. For more information regarding best practices in complying with the sanctions administered by OFAC, please *see* FAQ <u>116</u>.

C. 10. After Implementation Day, are foreign financial institutions subject to sanctions for processing transactions involving activity for which sanctions have been lifted under the JCPOA?

No. Beginning on Implementation Day, foreign financial institutions are able to conduct or facilitate financial transactions in connection with activities for which sanctions have been lifted on Implementation Day, provided that the transactions do not involve persons on the SDN List and such activity does not include conduct described in FAQ A.3.ii-iii. Foreign financial institutions should continue to undertake their customary due diligence to ensure that they are not facilitating transactions that remain sanctionable.

C. 11. Will foreign financial institutions be exposed to sanctions for transacting with Iranian financial institutions if those Iranian financial institutions have banking relationships with Iranian persons on the SDN List?

Beginning on Implementation Day, non-U.S., non-Iranian financial institutions engaging in transactions with Iranian financial institutions (including the CBI) not appearing on the SDN List will not be exposed to sanctions as a result of those Iranian financial institutions engaging in transactions or banking relationships involving Iranian individuals or entities, including financial institutions, on the SDN List, provided that the non-U.S., non-Iranian financial institution does not conduct or facilitate, and is not otherwise involved in, those specific transactions or banking relationships with the individuals and entities on the SDN List.

For example, a European-headquartered bank that transacts with the CBI or any other non-designated Iranian financial institution is not subject to secondary sanctions – even if the CBI separately has banking relationships with individuals or entities on the SDN List – provided that the European bank is not involved with any of the CBI's transactions involving individuals or entities that remain on the SDN List.

C. 12. Would the issuance of credit cards by non-U.S. financial institutions to Iranian persons not on the SDN List be sanctionable?

No. The issuance of credit cards by non-U.S. financial institutions to non-SDN Iranian nationals would not be prohibited under OFAC sanctions regulations. Foreign financial institutions, however, should be aware that the ITSR prohibit the processing of payments involving Iran by U.S. persons in general, including by or through U.S. financial institutions, with the exception of transactions that are exempt or authorized by an applicable general or specific license issued pursuant to the ITSR. Moreover, there may be secondary sanctions implications to processing credit card transactions if such transactions involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

C. 13. The JCPOA provides that the United States will lift secondary sanctions on the Iranian rial on Implementation Day. Does this mean that foreign financial institutions are able to buy and sell Iranian rials?

Yes. As detailed in section 4.1.2 of Annex II of the JCPOA, beginning on Implementation Day, it is no longer sanctionable for foreign financial institutions to conduct or facilitate any significant transaction related to the purchase or sale of Iranian rials (or a derivative, swap, future, forward, or other similar contract whose value is based on the exchange rate of the Iranian rial) or maintain funds or accounts outside of the territory of Iran denominated in the Iranian rial.

C. 14. What U.S. financial and banking measures with respect to Iran remain in place after Implementation Day?

After Implementation Day, the United States retains the authority to impose correspondent or payable-through account sanctions on foreign financial institutions that (1) knowingly facilitate significant financial transactions on behalf of any Iranian person included on the SDN List, pursuant to section 1247 of IFCA, or (2) facilitate or conduct significant financial transactions for persons that remain designated in connection with Iran's proliferation of WMD or their means of delivery or Iran's support for international terrorism, pursuant to section 104(c)(2)(E)(ii) of CISADA, as amended. Sanctions under section 104(c)(2)(E)(ii) of CISADA no longer apply to transactions with individuals and entities removed from the SDN List on Implementation Day (*see* FAQ I.6).

Further, even after Implementation Day, the prohibitions set forth in the ITSR remain in place, including the prohibition in section 560.204 of the ITSR on the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a U.S. person, wherever located, of any goods, technology, or services to Iran or the Government of Iran, with the exception of transactions that are exempt from regulation or authorized by OFAC (*see* FAQ M.9). Consequently, the clearing of U.S. dollar- or other currency-denominated transactions through the U.S. financial system or involving a U.S. person remain prohibited, unless the transactions are exempt from regulation or authorized by OFAC.

Finally, the JCPOA does not impact the November 2011 finding by the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) that Iran is a Jurisdiction of Primary Money Laundering Concern. Pursuant to section 311 of the USA PATRIOT Act, the Department of the Treasury has the authority to require U.S. domestic financial institutions to take "special measures" with respect to jurisdictions, financial institutions, or international transactions of primary money laundering concern. The November 2011 finding is based upon multiple factors including activities outside the scope of the JCPOA and the related sanctions lifting.

See FAQ A.3 and section VII of the <u>Guidance Document</u> for an overview of key U.S. legal authorities that remain in place after Implementation Day.

D. <u>INSURANCE MEASURES</u>

D. 1. How does the lifting of sanctions provided under the JCPOA affect the provision of insurance for transactions involving Iran?

The JCPOA provides that, on Implementation Day, the United States will lift certain sanctions on the provision of underwriting services, insurance, or reinsurance in connection with activities that are consistent with the JCPOA, including activities by non-U.S. persons with individuals and entities set forth in <u>Attachment 3</u> to Annex II of the JCPOA. The provision of underwriting services, insurance, or reinsurance by non-U.S. persons for activity that is consistent with the JCPOA is not sanctionable as of Implementation Day, provided that the transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

D. 2. Is payment by non-U.S. persons of insurance or reinsurance claims made after Implementation Day for activity that is consistent with the JCPOA but that took place and was sanctionable prior to Implementation Day sanctionable?

Beginning on Implementation Day, OFAC will not impose sanctions on a non-U.S. person for payment of an insurance or reinsurance claim arising from an incident that occurred prior to that day, provided that the underlying activity would not be sanctionable at the time of the payment and the transaction does not involve persons on the SDN List. Non-U.S. persons should ensure that the only sanctions implicated by the underlying activity are sanctions that have been lifted pursuant to the JCPOA prior to paying claims related to Iran. To the extent a claim payment involves a U.S. person, the payment of such claim remains prohibited even after Implementation Day and requires an authorization from OFAC prior to payment.

D. 3. Can insurers or reinsurers provide underwriting services, insurance, or reinsurance to NITC or Islamic Republic of Iran Shipping Lines (IRISL) vessels or vessels owned by non-U.S. persons when chartered by NITC or IRISL?

Beginning on Implementation Day, it is not sanctionable for non-U.S. persons to provide underwriting services, insurance, or reinsurance to NITC or IRISL vessels or vessels owned by non-U.S. persons when chartered by NITC or IRISL, provided that the transactions do not involve persons on the SDN List or conduct described in FAQ A.3.iiiii.

U.S. persons continue to be generally prohibited from exporting goods, services, or technology directly or indirectly to Iran, and it continues to be prohibited for U.S. persons to provide underwriting services, insurance, or reinsurance to NITC or IRISL, including extending insurance coverage to, or paying claims involving, NITC or IRISL. For additional guidance for U.S. insurers participating in worldwide insurance markets through global insurance policies, please *see* FAQ <u>102</u>.

D. 4. Can non-U.S. insurers or reinsurers provide underwriting services, insurance, or reinsurance for a vessel that has been chartered by a non-U.S. person or owned by a non-U.S. person that is transporting crude oil from Iran?

Yes. Beginning on Implementation Day, it is not sanctionable for non-U.S. persons to provide underwriting services, insurance, or reinsurance for vessels transporting crude oil from Iran, provided that the transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

U.S. persons continue to be generally prohibited from exporting goods, services, or technology directly or indirectly to Iran, including extending insurance coverage to, or paying claims involving, the transportation of Iranian crude. For additional guidance for U.S. insurers operating in the global market, please *see* FAQ <u>102</u>.

D. 5. Can U.S. insurers or reinsurers provide underwriting services, insurance, or reinsurance related to activities by non-U.S. persons that are no longer sanctionable following Implementation Day?

No. The sanctions lifting provided for in the JCPOA largely applies to the activities of non-U.S. persons. After Implementation Day, U.S. persons continue to be generally prohibited from exporting goods, services, or technology directly or indirectly to Iran that are not exempt from regulation or authorized by OFAC, including extending insurance coverage to, or paying claims involving, Iran. For additional guidance for U.S. insurers operating in the global market, please *see* FAQ <u>102</u>.

D. 6. What role can U.S. insurers and reinsurers have in Protection and Indemnity (P&I) clubs in order to remain compliant with U.S. sanctions?

The sanctions lifting provided for in the JCPOA largely applies to the activities of non-U.S. persons. After Implementation Day, U.S. persons continue to be generally prohibited from exporting goods, services, or technology directly or indirectly to Iran, including extending insurance coverage to, or paying claims involving, Iran, with the exception of transactions that are exempt or authorized by OFAC. For additional guidance for U.S. insurers operating in the global market, please *see* FAQ <u>102</u>.

D. 7. Can U.S. insurers provide travel insurance to individuals traveling to Iran?

Yes, travel insurance continues to be exempt from regulation by OFAC as ordinarily incident to travel. Please *see* FAQ <u>104</u>.

E. <u>SHIPPING, SHIPBUILDING, AND PORT SECTORS</u>

E. 1. The JCPOA provides that the United States will lift certain sanctions on transactions with Iran's shipping and shipbuilding sectors and port operators on Implementation Day. Does this mean that non-U.S. persons can engage in transactions with Iran's shipping and shipbuilding sectors?

Yes. As a result of the U.S. commitments specified in sections 4.4 of Annex II and 17.1 of Annex V of the JCPOA, on Implementation Day, the United States lifted secondary sanctions on Iran's shipping and shipbuilding sectors and port operators in Iran, including sanctions on the sale, supply, or transfer to or from Iran of significant goods or services used in connection with Iran's shipping and shipbuilding sectors (including port services such as bunkering, inspection, classification, and financing); sanctions on transactions with entities determined to be part of the shipping or shipbuilding sectors of Iran (including IRISL, South Shipping Line, and NITC), and persons determined to be Iranian port operators (including the port operator(s) of Bandar Abbas, provided that such persons are no longer controlled by a person on the SDN List); and sanctions on the provision of associated services for the foregoing. As a result, beginning on Implementation Day, non-U.S. persons are no longer subject to sanctions for engaging in such activities, provided that the transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

In addition, it is no longer sanctionable for non-U.S. persons to own, operate, control, or insure a vessel used to transport crude oil, petroleum products (including refined petroleum products), petrochemical products, or natural gas (including liquefied natural gas) to or from Iran, or to sell, lease, or provide vessels to Iran (including to IRISL, NITC, and South Shipping Lines or their affiliates), provided that transactions do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

U.S. persons continue to be generally prohibited under the ITSR from involvement in the activity described above. In addition, transactions related to the above-mentioned activity are prohibited from transiting the U.S. financial system.

E. 2. The JCPOA provides for the lifting of U.S. sanctions on transactions with persons determined to be port operators in Iran, to include the operator(s) of Bandar Abbas (provided that the port operator(s) of Bandar Abbas is no longer controlled by a person on the SDN List). Are transactions with Tidewater Middle East Co. still considered sanctionable?

Based on publicly available information, as of Implementation Day (January 16, 2016), it appears Tidewater Middle East Co. (Tidewater) is not the port operator of Bandar Abbas. Accordingly, secondary sanctions would not apply solely on the basis of engaging in transactions, with or conducting trade through, Bandar Abbas so long as the transactions or trade does not involve a person on the SDN List.

Tidewater, a port operating company on the SDN List that is owned by Iran's Islamic Revolutionary Guard Corps (IRGC), remains on the SDN List after Implementation Day, and transactions by U.S. and non-U.S persons with Tidewater continue to be sanctionable. As always, persons should exercise caution to avoid engaging in transactions with persons on the SDN List.

F. <u>GOLD AND OTHER PRECIOUS METALS</u>

F. 1. The JCPOA provides that the United States will lift secondary sanctions related to Iran's trade in gold and other precious metals. Does this mean that non-U.S. persons can buy gold from and/or sell gold to Iran?

Yes. Pursuant to its commitment under sections 4.5 of Annex II and 17.1 of Annex V of the JCPOA, the United States lifted sanctions on the direct or indirect sale, supply, export, or transfer to or from Iran, including the Government of Iran, by non-U.S. persons of gold and other precious metals, as well as associated services that are required to facilitate such transactions. As a result, non-U.S. persons are no longer subject to sanctions for engaging in such activities or transactions, provided that they do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

For the purposes of implementing U.S. commitments under the JCPOA and these FAQs, the term "precious metals" includes silver (including silver plated with gold or platinum, unwrought or in semi-manufactured forms, or in powder form); gold (including gold plated with platinum, unwrought or in semi-manufactured forms, or in powder form); base metals or silver, clad with gold, not further worked than semi-manufactured; platinum, unwrought or in semi-manufactured forms, or in powder form; iridium; osmium; palladium; rhodium; ruthenium; base metals, silver or gold, clad with platinum, not further worked than semi-manufactured; and waste and scrap of precious metal or of metal clad with precious metals, other waste and scrap containing precious metal or precious-metal compounds, of a kind used principally for the recovery of precious metal.

G. <u>SOFTWARE AND METALS</u>

G. 1. The JCPOA provides that, on Implementation Day, the United States will lift sanctions related to trade with Iran in certain materials and software. What materials are included within the scope of the lifting?

Pursuant to its commitment under sections 4.6 of Annex II and 17.2 of Annex V of the JCPOA, the United States lifted secondary sanctions on the direct or indirect sale, supply, or transfer to or from Iran of graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes, including the provision of associated services in connection with the foregoing. As a result, beginning on Implementation Day, non-U.S. persons are no longer subject to sanctions for engaging in such activities, provided such transactions are consistent with the JCPOA (*see* FAQ G.2) and do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

G. 2. How does United States interpret the phrase "consistent with the JCPOA" in the context of the lifting of sanctions on trade with Iran in certain materials and software?

For purposes of the lifting of sanctions on Implementation Day on trade by non-U.S. persons with Iran in certain materials and software (*see* FAQ G.1), the United States considers transactions involving the following to be inconsistent with the JCPOA: (1) persons on the SDN List, including the IRGC; (2) transfers of such materials or software for use in the military or ballistic missile programs of Iran; and (3) transfers that have not been approved by the procurement channel established by the JCPOA and paragraph 16 of UN Security Council Resolution 2231 (2015) if the transfer of the item is subject to the procurement channel.

G. 3. Does the lifting of sanctions related to materials and software also lift U.S. export control requirements and export prohibitions under the ITSR?

No. The lifting of sanctions discussed in FAQ G.2 above relates only to transactions by non-U.S. persons in goods that are not subject to U.S. export controls. U.S. export controls, including all licensing requirements, and prohibitions under the ITSR continue to apply to exports and reexports by U.S. persons or from the United States to Iran or the Government of Iran, as well as reexports by non-U.S. persons of items with 10 percent or more U.S.-controlled content to Iran or the Government of Iran, if undertaken with knowledge or reason to know that the reexportation is intended specifically for Iran or the Government of Iran (*see* FAQ M.9).

H. <u>AUTOMOTIVE SECTOR</u>

H. 1. The JCPOA provides that the United States will lift secondary sanctions on the sale, supply, or transfer of goods and services used in connection with Iran's automotive sector. Does this mean that non-U.S. persons can sell to Iran goods and services used in connection with the automotive sector?

Yes. Under the JPOA, U.S. sanctions on the sale, supply, or transfer by non-U.S. persons of goods and services used in connection with Iran's automotive sector were temporarily suspended. On Implementation Day, pursuant to its commitment under sections 4.7 of Annex II and 17.1 of Annex V of the JCPOA, the United States lifted secondary sanctions on the direct or indirect sale, supply, or transfer to Iran of goods or services used in connection with the automotive sector of Iran, including the provision of associated services. As a result, beginning on Implementation Day, non-U.S. persons are no longer subject to sanctions for engaging in such activities or transactions provided that they do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii. *See* FAQs <u>310</u>, <u>311</u>, <u>316</u>, and <u>317</u> for a discussion of "Iran's automotive sector" and goods and services associated with Iran's automotive sector.

H. 2. Can U.S. auto manufacturers export or reexport U.S.-origin finished vehicles or U.S.-origin auto parts to Iran?

No. U.S. persons as defined in section 560.314 of the ITSR, including U.S. auto manufacturers, continue to be generally prohibited from the exportation, reexportation, sale, or supply, directly or indirectly, from the United States of any goods, technology, or services to Iran's automotive sector or the Government of Iran.

H. 3. Can non-U.S. persons reexport U.S.-origin finished vehicles or U.S.-origin auto parts to Iran?

Non-U.S. persons continue to be prohibited from reexporting from a third country to Iran, directly or indirectly, any goods, technology, or services that have been exported from the United States if they know or have reason to know that the reexportation is intended specifically for Iran or the Government of Iran and the items are controlled for export from the United States to Iran. Additionally, non-U.S. persons – including U.S.-owned or -controlled foreign entities (*see* FAQ K.2) – continue to be prohibited from reexporting to Iran or the Government of Iran items containing 10 percent or more U.S.-controlled content if undertaken with knowledge or reason to know that the reexportation is intended specifically for Iran or the Government of Iran. *See also* FAQ M.9. Additional export controls administered by the Department of Commerce may also apply.

I. <u>DESIGNATIONS AND OTHER SANCTIONS LISTINGS</u>

I. 1. The JCPOA provides that the United States will remove certain individuals and entities from the SDN List on Implementation Day. What did this entail? What is the effect on those removed from the SDN List and what happens to those remaining on the SDN List?

Pursuant to U.S. commitments under sections 4.8.1 of Annex II and 17.3 of Annex V of the JCPOA, on Implementation Day, the individuals and entities set out in <u>Attachment 3</u> to Annex II were removed from the SDN List, FSE List, and/or NS-ISA List. Non-U.S. persons are no longer subject to secondary sanctions for engaging in transactions with the over 400 individuals and entities removed from the SDN List on Implementation Day, provided that the transactions do not otherwise involve persons that remain or are placed on the SDN List or conduct described in FAQ A.3.ii-iii. For more information on individuals and entities set out in Attachment 3 to Annex II who are marked with an asterisk because they have been identified previously by OFAC as meeting the definition of the term "Government of Iran" or "Iranian financial institution," see FAQ I.3.

After Implementation Day, Iranian and Iran-related persons on the SDN List remain subject to secondary sanctions (*see* FAQ A.6), and secondary sanctions continue to attach to transactions involving such persons, even if the underlying activity is one for which sanctions have been lifted under the JCPOA.

I. 2. What is the E.O. 13599 List and how should U.S. persons treat individuals and entities on this list?

To assist U.S. persons in meeting their obligations under the ITSR, OFAC has made available on its website a List of Persons Identified as Blocked Solely Pursuant to Executive Order 13599 (E.O. 13599 List). The purpose of this list is to clarify that, regardless of their removal from the SDN List, persons that OFAC previously identified as meeting the definition of the Government of Iran or an Iranian financial institution continue to meet those definitions and continue to be persons whose property and interests in property are blocked pursuant to Executive Order 13599 and section 560.211 of the ITSR (*see* FAQ I.3). Unless an exemption or express OFAC authorization applies, U.S. persons, wherever located, are prohibited from engaging in any transaction with, and must continue to block the property and interests in property of, persons on the E.O. 13599 List, as well as any other person meeting the definition of the Government of Iran or an Iranian financial institution.

I. 3. Do identified Government of Iran individuals and entities and Iranian financial institutions removed from the SDN List on Implementation Day pursuant to the JCPOA (*i.e.* the asterisked individuals and entities listed in Attachment 3 to Annex II of the JCPOA) remain subject to U.S. blocking? Do U.S. persons still have to block transactions with persons removed from the SDN List on Implementation Day?

Attachment 3 to Annex II of the JCPOA sets out the individuals and entities that were removed from the SDN List, FSE List, and/or NS-ISA List, as appropriate, on Implementation Day pursuant to the U.S. commitment under sections 4.8.1 of Annex II and 17.3 of Annex V of the JCPOA. A number of the individuals and entities listed in Attachment 3 to Annex II are marked with an asterisk next to their name, denoting that they have been previously identified by OFAC as meeting the definition of the term "Government of Iran" or "Iranian financial institution," as set forth, in Executive Order 13599 and sections 560.304 and 560.324, respectively of the ITSR. Beginning on Implementation Day, secondary sanctions no longer apply to transactions involving these entities. However, U.S. persons continue to have an obligation under Executive Order 13599 and the ITSR to block the property and interests in property of all individuals and entities that meet these definitions, regardless of whether the individual or entity has been identified by OFAC or included on any OFAC-administered sanctions list, including the E.O. 13599 List (see FAQ I.2). U.S. persons also continue to be prohibited generally from engaging in transactions or dealings with these individuals and entities pursuant to the ITSR.

The property and interests in property of those persons in Attachment 3_to Annex II of the JCPOA without an asterisk next to their name are no longer subject to blocking on Implementation Day so long as they do not meet the definition of the "Government of Iran" or "Iranian financial institution" set out in the ITSR and Executive Order 13599. U.S. persons continue to be prohibited generally from engaging in transactions involving

Iran pursuant to the ITSR, with the exception of transactions that are exempt from regulation or authorized by OFAC.

I. 4. Do non-U.S. persons face secondary sanctions exposure for dealing with individuals and entities on the E.O. 13599 List?

No. Secondary sanctions do not attach to transactions involving persons on the E.O. 13599 List, provided that the activities do not involve persons on the SDN List or conduct described in FAQ A.3.ii-iii.

I. 5. On Implementation Day, are sanctions lifted on the individuals and entities listed in Attachment 4 to Annex II of the JCPOA?

No. The individuals and entities set out in <u>Attachment 4</u> to Annex II of the JCPOA will remain on the SDN List until Transition Day unless the U.S. government takes action to remove them before that time. Transactions with these individuals or entities continue to be sanctionable until they are removed from the SDN List.

I. 6. Could foreign financial institutions still be sanctioned under CISADA for engaging in transactions with Iranian persons?

Yes, if such persons are on the SDN List after Implementation Day. While sanctions under section 104(c)(2)(E)(ii) of CISADA no longer apply to transactions with individuals and entities removed from the SDN List on Implementation Day, CISADA 104(c)(2)(E)(ii) remains in place and significant transactions with persons designated in connection with Iran's proliferation of WMD or their means of delivery or Iran's support for international terrorism – i.e., persons on the SDN List with the [IFSR] program tag – remain sanctionable (*see* FAQ A.6).

J. <u>COMMERCIAL PASSENGER AVIATION</u>

J. 1. How has the commitment in the JCPOA to allow the export, reexport, sale, lease, or transfer of commercial passenger aircraft and related parts and services to Iran been implemented?

OFAC issued a <u>Statement of Licensing Policy</u> (SLP), effective on Implementation Day, establishing a favorable licensing policy regime through which U.S. persons and, where there is a nexus to U.S. jurisdiction, non-U.S. persons may request specific authorization from OFAC to engage in transactions for the export, reexport, sale, lease, or transfer of commercial passenger aircraft and related parts and services to Iran, provided that the licensed items are used exclusively for commercial passenger aviation. Specific licenses issued pursuant to the SLP will include appropriate conditions to ensure that licensed activities do not involve, and no licensed aircraft, goods, or services are re-sold or re-transferred to, any person on OFAC's SDN List.

J. 2. What type of aircraft can be provided to Iran pursuant to the JCPOA commitment?

Specific licenses may be issued for U.S. persons or, where there is a nexus to U.S. jurisdiction, non-U.S. persons to export, reexport, sell, lease, or transfer to Iran U.S.-origin commercial passenger aircraft or commercial passenger aircraft that contains 10 percent or more U.S.-controlled content. For more information on how to calculate U.S.-controlled content, see section 560.420 of the ITSR. The types of aircraft that may be approved under the SLP include wide-body, narrow-body, regional, and commuter aircraft used for commercial passenger aviation. The types of aircraft not eligible for licensing under the SLP include cargo aircraft, state aircraft, unmanned aerial vehicles, military aircraft, and aircraft used for general aviation or aerial work.

J. 3. What services would be considered ordinarily incident and necessary to a licensed transaction for the export, reexport, sale, lease, or transfer of commercial passenger aircraft and related parts and services to Iran?

Under section 560.405 of the ITSR, U.S. persons are authorized to engage in transactions that are ordinarily incident to a licensed transaction and necessary to give effect thereto. Services that are ordinarily incident and necessary to give effect to a licensed export, reexport, sale, lease, or transfer of a commercial passenger aircraft to Iran, or a licensed export, reexport, sale, lease, or transfer of related parts and services to Iran, include transportation, legal, insurance, shipping, delivery, and financial payment services provided in connection with the licensed export transaction. For example, a U.S. person's provision of insurance to cover the shipment of a licensed component from a U.S. manufacturer to an Iranian customer would be ordinarily incident to the licensed export transaction. In contrast, a U.S. person's provision of insurance to cover the shipment of an usual not be ordinarily incident to the licensed export transaction and would require separate authorization from OFAC. *See* FAQ J.4 for additional information on associated services that can be separately authorized.

J. 4. What types of associated services could be authorized in licenses issued to U.S. persons related to the export, reexport, sale, lease, or transfer of commercial passenger aircraft and related parts and services to Iran?

Applications submitted pursuant to the SLP should include all the parties involved in the transactions and describe in detail all related transactions and dealings the parties anticipate undertaking that would otherwise be prohibited by 31 C.F.R. part 560. These transactions and dealings may include, for example, the provision of warranty, maintenance, repair services, safety-related inspections, and training related to commercial passenger aircraft and spare parts and components for such aircraft exported to Iran pursuant to a specific license issued under the SLP, provided that the items and services for which authorization is sought are to be used exclusively for commercial passenger aviation.

J. 5. Can U.S. persons seek a specific license to provide associated services that are not otherwise authorized by an existing specific license for the export, reexport, sale, lease, or transfer of commercial passenger aircraft or related parts and services to Iran?

OFAC will consider applications from U.S. persons to provide associated services otherwise prohibited by 31 C.F.R. part 560 that are not within the scope of an existing specific license issued pursuant to the SLP, and are not ordinarily incident and necessary to give effect to a licensed transaction pursuant to section 560.405 of the ITSR. Requests to provide such associated services must relate to a specific export, reexport, sale, lease, or transfer of a commercial passenger aircraft or related parts and services. This means, for example, that OFAC will consider applications under the SLP for a U.S. financial institution to finance the sale of a particular commercial passenger aircraft, but not an application to provide aircraft financing services in general. *See* FAQ J.6 for information on the provision of associated services by non-U.S. persons.

J. 6. Do non-U.S. persons need a specific license to provide associated services in connection with commercial passenger aircraft or parts and components for such aircraft that have been licensed for export or reexport to Iran? Or for commercial passenger aircraft or parts and components for such aircraft that have not been licensed for export to Iran?

OFAC authorization is not required for non-U.S. persons to provide associated services to Iranian parties, provided that the transaction does not involve U.S. persons or the export or reexport to Iran of items that would require a license for export from the United States to Iran, is conducted outside of U.S. jurisdiction, and does not involve the U.S. financial system. However, even after Implementation Day, secondary sanctions will continue to attach to transactions with Iranian or Iran-related individuals or entities that remain or are placed on the SDN List.

OFAC will consider applications under the SLP from non-U.S. persons to provide associated services that would otherwise be prohibited by 31 C.F.R. part 560, such as those involving the export or reexport of items from the United States to Iran or the reexport of U.S.-controlled items from a third-country to Iran that require a license under section 560.205 of the ITSR.

J. 7. Does the JCPOA impact the ability of airlines to fly into or out of Iran? Are U.S. persons allowed to fly on Iranian airlines?

The JCPOA does not impact the prohibition on U.S. airlines operating flights to or from Iran. Secondary sanctions continue to attach to significant transactions with Mahan Air and other Iranian persons on the SDN List (*see* FAQ A.3.iii).

U.S. persons are allowed to engage in transactions that are ordinarily incident to travel to or from Iran, including flying on Iranian airlines, with the exception of airlines, such as Mahan Air, that are designated under the Global Terrorism Sanctions Regulations, 31

C.F.R. part 594 (GTSR). Airlines designated pursuant to the GTSR are included on OFAC's SDN List (available at <u>http://sanctionssearch.ofac.treas.gov/</u>) and are labeled with the program tag [SDGT].

J. 8. Is additional authorization from the Department of Commerce be needed for the export, reexport, sale, lease, or transfer of commercial passenger aircraft and spare parts and components for such aircraft to Iran, if such activities are licensed by OFAC under the SLP?

Transactions authorized by OFAC pursuant to the SLP do not need separate authorization from the Department of Commerce, unless the action or activity involves an item (including information) that is prohibited by, or otherwise requires a license under, part 744 of the Export Administration Regulations (EAR) or participation in any transaction involving a person whose export privileges have been denied pursuant to parts 764 or 766 of the EAR. Exports or reexports to individuals and entities listed on the Department of Commerce's Denied Persons List and, in some cases, the Entity List will require separate authorization from the Department of Commerce and further coordination between OFAC and the U.S. Department of State. The Denied Persons List may be accessed at http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list and the Entity List may be accessed at

<u>http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list</u>. Applicants seeking to engage in transactions that would require separate authorization from the Department of Commerce should submit an application to it when submitting an application to OFAC pursuant to the SLP; the application to OFAC should also identify any individuals or entities that may give rise to a requirement for a separate authorization from the Department of Commerce.

K. FOREIGN ENTITIES OWNED OR CONTROLLED BY U.S. PERSONS

K. 1. The JCPOA provides for the licensing of non-U.S. entities that are owned or controlled by a U.S. person ("U.S.-owned or -controlled foreign entities") to engage in activities with Iran that are consistent with the JCPOA and U.S. law. How is this commitment being implemented?

The commitment to license U.S.-owned or -controlled foreign entities to engage in activities with Iran that are consistent with the JCPOA and U.S. law has been implemented through OFAC's issuance of <u>General License H: Authorizing Certain</u> <u>Transactions Relating to Foreign Entities Owned or Controlled by a United States Person</u> (GL H). GL H was published on OFAC's website on January 16, 2016.

K. 2. What is considered a U.S.-owned or -controlled foreign entity for purposes of the U.S. commitment under the JCPOA to license certain activities involving Iran?

An entity established or maintained outside the United States is "owned or controlled" by a U.S. person if the U.S. person: (1) holds a 50 percent or greater equity interest by vote or value in the entity; (2) holds a majority of seats on the board of directors of the entity;

or (3) otherwise controls the actions, policies, or personnel decisions of the entity. *See* section 560.215 of the ITSR.

K. 3. What activities can U.S.-owned or -controlled foreign entities undertake pursuant to GL H?

Pursuant to <u>GL H</u>, U.S.-owned or -controlled foreign entities are permitted to engage in transactions with the Government of Iran or any person subject to the jurisdiction of the Government of Iran that would otherwise be prohibited by section 560.215 of the ITSR (i.e., activities that would be prohibited pursuant to the ITSR if engaged in by a U.S. person or in the United States), *with the exception of* transactions specified in paragraph (c) of GL H. In particular, paragraph (c) provides that U.S.-owned or -controlled foreign entities engaging in transactions pursuant to GL H may not export or reexport U.S.-origin goods to Iran without separate authorization from OFAC, as further described in FAQ K.13. The authorization provided under GL H is not limited to specific economic sectors or industries.

K. 4. For purposes of the U.S. commitment in section 5.1.2 of Annex II of the JCPOA, what activities are consistent with the JCPOA and applicable U.S. laws and regulations?

Activities by U.S.-owned or -controlled foreign entities that are within the scope of <u>GL H</u> will be deemed to be consistent with the JCPOA and the laws and regulations administered by OFAC. Individuals and entities acting pursuant to GL H remain responsible for complying with other applicable U.S. laws and regulations, including, for example, the Federal Food, Drug, and Cosmetic Act.

Transactions that are not authorized under GL H because they are inconsistent with the JCPOA and/or U.S. law include transactions involving: (1) the direct or indirect exportation or reexportation of goods, technology, or services from the United States (without separate authorization from OFAC); (2) any transfer of funds to, from, or through the U.S. financial system; (3) any individual or entity on the SDN List or any activity that would be prohibited by non-Iran sanctions administered by OFAC if engaged in by a U.S. person or in the United States; (4) any individual or entity identified on the FSE List; (5) any activity involving any item subject to the Export Administration Regulations (EAR) that is prohibited by, or requires a license under, part 744 of the EAR; or participation in any transaction with a person whose export privileges have been denied pursuant to part 764 or 766 of the EAR (without authorization from the Department of Commerce); (6) any military, paramilitary, intelligence, or law enforcement entity of the Government of Iran, or any official, agent, or affiliate thereof; (7) any activity that is sanctionable under Executive Order 12938 or 13382 (relating to Iran's proliferation of weapons of mass destruction and their means of delivery, including ballistic missiles); Executive Order 13224 (relating to international terrorism); Executive Order 13572 or 13582 (relating to Syria); Executive Order 13611 (relating to Yemen); or Executive Order 13553 or 13606, or section 2 or 3 of Executive Order 13628 (relating to Iran's commission of human rights abuses against its citizens); or (8) any nuclear activity

involving Iran that is subject to the JCPOA procurement channel and that has not been approved through that procurement channel process.

K. 5. Who could be held liable for transactions conducted by a U.S.-owned or -controlled foreign entity that are outside the scope of GL H?

A U.S. person will continue to be liable for civil penalties provided for in section 206(b) of the International Emergency Economic Powers Act if any foreign entity that it owns or controls engages in activity outside the scope of <u>GL H</u> or other relevant authorization provided by OFAC that would violate the prohibition set forth in section 560.215 of the ITSR. *See* section 560.701(a)(3) of the ITSR.

K. 6. What are U.S. persons permitted to do with respect to transactions undertaken pursuant to GL H?

<u>GL H</u> authorizes U.S. persons to engage in "activities related to the establishment or alteration of operating policies and procedures of a United States entity or a U.S.-owned or -controlled foreign entity" to the extent necessary to allow a U.S.-owned or -controlled foreign entity to engage in transactions with Iran that are authorized by GL H. This authorization in GL H is intended to cover the involvement of U.S. person board members, senior management, and employees of either a U.S. parent company or a U.S.owned or -controlled foreign entity in the establishment or alteration of operating policies and procedures of the U.S. parent company or any of its owned or controlled foreign entities, to the extent necessary to allow any of the U.S.-owned or -controlled foreign entities to engage in transactions with Iran authorized under GL H. The authorization for U.S. persons is also intended to cover U.S. persons who may be hired as outside legal counsel or consultants to draft, alter, advise, or consult on such operating policies and procedures.

Under this provision of GL H, U.S. persons, including senior management of a U.S. parent company or its owned or controlled foreign entities, may be involved in the initial determination to engage in activities with Iran authorized by GL H, as well as the establishment or alteration of the necessary policies and procedures. However, GL H does not authorize U.S. person involvement in the ongoing Iran-related operations or decision making of its owned or controlled foreign entity engaging in activities with Iran authorized by GL H after these actions are taken. U.S. persons *may not* be involved in the Iran-related day-to-day operations of a U.S.-owned or -controlled foreign entity, including by approving, financing, facilitating, or guaranteeing any Iran-related transaction by the foreign entity. *See* sections 560.208 and 560.417 of the ITSR.

K. 7. Under GL H, are U.S. persons allowed to provide training on the new or revised policies and procedures?

Yes. <u>GL H</u> authorizes U.S. persons, including employees and outside legal counsel and consultants, to provide training, advice, and counseling on the new or revised operating policies and procedures, provided that these services are not provided to facilitate

transactions in violation of U.S. law. For example, U.S. person employees of a U.S. parent company or a U.S.-owned or -controlled foreign entity are authorized to provide training on the new or revised operating policies and procedures to employees of a U.S.-owned or -controlled foreign entity covered by such policies. They are also authorized to provide training on the revised operating policies and procedures to employees of the U.S. parent company.

K. 8. What are U.S. persons who work in U.S.-owned or -controlled foreign entities permitted to do with respect to transactions undertaken pursuant to GL H?

U.S. persons working in U.S.-owned or -controlled foreign entities are authorized under <u>GL H</u> to engage in activities related to the establishment or alteration of corporate policies and procedures of the U.S. parent company of the U.S.-owned or -controlled foreign entities, as well as corporate policies and procedures of the U.S.-owned or -controlled foreign entities, to the extent the establishment or alteration of such policies is necessary to allow the U.S.-owned or -controlled foreign entities or -controlled foreign entities authorization extends to the involvement of U.S. persons in the initial determination to engage in activities with Iran authorized by GL H; however, it does not extend to the involvement of U.S. persons in the Iran-related day-to-day operations of a U.S.-owned or -controlled foreign entity engaging in activities with Iran authorized by GL H (see FAQs K.6 and K.7). With the exception of the authorizations in GL H, U.S. persons remain prohibited from engaging in or facilitating transactions or dealings involving Iran that are not exempt from regulation or authorized by OFAC.

K. 9. GL H authorizes U.S. persons to "make available" any automated and globally integrated computer, accounting, email, telecommunications, or other business support system, platform, database, application, or server necessary to store, collect, transmit, generate, or otherwise process documents or information related to transactions by foreign entities they own or control that are authorized by GL H (hereinafter referred to as "Authorized Business Support Systems"). Does this allow U.S. parent companies to provide foreign entities they own or control with access to Authorized Business Support Systems that are owned or operated by third-party service providers?

Yes. The authorization in <u>GL H</u> permits U.S. parent companies to make available to foreign entities they own or control Authorized Business Support Systems that are owned and/or operated for the U.S. parent company on a contract basis by one or more third-party service providers. Likewise, U.S. person third-party service providers are authorized to make available to a U.S.-owned or -controlled foreign entity Authorized Business Support Systems that they provide to the U.S. parent company on a contract basis.

K. 10. What does "automated" mean in reference to the Authorized Business Support Systems enumerated in GL H?

In the context of <u>GL H</u>, the term "automated" refers to Authorized Business Support Systems that operate passively and without human intervention to facilitate the flow of data between and among the U.S. parent company and its owned or controlled foreign entities. For example, an enterprise resource planning (ERP) system that utilizes a U.S.based server – without any human intervention in the United States – to generate a purchase order initiated by a Dubai-based, non-U.S. person employee of a U.S.-owned or -controlled foreign entity would be considered "automated" for the purposes of GL H. In contrast, if the ERP system required the intervention of an individual located in the United States to complete a request initiated by a Dubai-based, non-U.S. person employee of a U.S.-owned or -controlled foreign entity, such as a U.S. person performing data entry or internal processing for the creation of a customer record, such system would not be considered "automated" for the purposes of GL H. *See* FAQ K.12 for additional information on human intervention vis-à-vis Authorized Business Support Systems.

K. 11. What does "globally integrated" mean in reference to the Authorized Business Support Systems enumerated in GL H?

In the context of <u>GL H</u>, the term "globally integrated" refers to an Authorized Business Support System that is broadly available to, and in general use by, the U.S. parent company's global organization, including the U.S. parent company and its owned or controlled foreign entities. For example, a sales lead database maintained on a server at a U.S. parent company that is broadly available to, and in general use by, the U.S. parent company's non-U.S. entities would be considered "globally integrated" for the purposes of GL H. In contrast, a similar database containing information maintained in the United States that is not broadly available to the U.S. parent company's non-U.S. entities or lines of business performed by such entities would not be considered "globally integrated" for the purposes of GL H.

K. 12. Is all human intervention vis-à-vis Authorized Business Support Systems outside the scope of GL H?

No. Activities related to the establishment or maintenance of Authorized Business Support Systems that meet the requirements of $\underline{GL H}$ – including routine or emergency maintenance by U.S. persons – are authorized as ordinarily incident and necessary to give effect to transactions authorized by paragraph (b) of GL H. *See* section 560.405 of the ITSR.

K. 13. Can U.S.-owned or -controlled foreign entities rely on GL H to export U.S.-origin goods to Iran?

No. <u>GL H</u> does not provide any authorization relating to the exportation or reexportation of U.S.-origin goods to Iran. Beginning on Implementation Day, unless the transactions are exempt from regulation or authorized by OFAC, U.S.-owned or -controlled foreign

entities continue to be prohibited from the exportation, reexportation, sale, or supply, directly or indirectly, from the United States of any goods, technology, or services if the items are destined for Iran or the Government of Iran at the time they leave the United States. In addition, non-U.S. persons – including U.S.-owned or -controlled foreign entities – continue to be prohibited from reexporting from a third country, directly or indirectly, any goods, technology, or services that have been exported from the United States if they know or have reason to know that the reexportation is intended specifically for Iran or the Government of Iran and the items are controlled for export from the United States to Iran. Non-U.S. persons - including U.S.-owned or -controlled foreign entities also continue to be prohibited from reexporting from a third country items containing 10 percent or more U.S.-controlled content, if undertaken with knowledge or reason to know that the reexportation is intended specifically for Iran or the Government of Iran. However, the exportation or reexportation of U.S.-origin goods that are designated as EAR99 from a third country to Iran without knowledge or reason to know at the time of export from the United States that the goods are intended specifically for Iran is not prohibited. Additional export controls administered by the Department of Commerce may also apply.

L. IMPORTS OF IRANIAN-ORIGIN CARPETS AND FOODSTUFFS

L. 1. Under the JCPOA, the United States committed to license, upon Implementation Day, the importation into the United States of Iranian-origin carpets and foodstuffs, including pistachios and caviar. What types of Iranian-origin carpets and foodstuffs may be imported into the United States under the general license?

Pursuant to its commitment under the JCPOA, the United States is authorizing the importation into the United States of Iranian-origin carpets and foodstuffs, including pistachios and caviar. This general license, which is effective upon publication in the *Federal Register*, covers: (1) carpets and other textile floor coverings and carpets used as wall hangings that are classified under chapter 57 or heading 9706.00.0060 of the Harmonized Tariff Schedule of the United States and (2) foodstuffs intended for human consumption that are classified under chapters 2-23 of the Harmonized Tariff Schedule of the United States. Carpets and foodstuffs imported pursuant to the general license will still be subject to all other laws and regulations applicable to goods imported into the United States, including generally applicable laws and regulations administered by other U.S. departments and agencies, such as the Department of Agriculture, Department of Commerce, the Food and Drug Administration, and the Department of Homeland Security.

The following are examples of transactions that are permitted under the general license: (1) A United States person living abroad is permitted to purchase or sell an Iranian-origin carpet, as long as the sale is not to Iran, the Government of Iran, an Iranian financial institution, or any other person whose property and interests in property are blocked pursuant to section 560.211 of the ITSR.

(2) A United States person may process a documentary collection relating to the importation into the United States of Iranian-origin pistachios, but payment under the documentary collection may not involve the crediting of an Iranian account, as defined in section 560.320 of the ITSR.

L. 2. How can U.S. persons pay Iranian companies for these imports?

Under the ITSR, U.S. depository institutions and registered brokers or dealers in securities are authorized to process transfers of funds to or from Iran, or for the direct or indirect benefit of persons in Iran or the Government of Iran, if the transfer arises from, and is ordinarily incident and necessary to give effect to, an underlying transaction that has been authorized by a general or specific license issued pursuant to, or set forth in, the ITSR and does not involve crediting or debiting an Iranian account, as defined in section 560.320 of the ITSR (*see* section 560.516 of the ITSR). This payment mechanism is available for transactions related to generally-licensed importations of Iranian-origin carpets and foodstuffs. For additional information regarding this payment mechanism, *see* FAQ 242.

In addition, subject to certain conditions, U.S. depository institutions are authorized under the general license to process letters of credit for payments for Iranian-origin carpets and foodstuffs, and U.S. persons are also authorized to act as brokers for the purchase or sale of the categories of Iranian-origin carpets and foodstuffs covered by the general license.

The following are examples of transactions that are permitted under the general license:

(1) A United States depository institution may issue a letter of credit in favor of an exporter in Iran to finance the importation into the United States of Iranian-origin caviar; the letter of credit may be confirmed by a third-country bank that is not included within the definition of the term Government of Iran or an Iranian financial institution.

(2) A United States depository institution may advise or confirm a letter of credit issued by a third-country bank that is not included within the definition of the term Government of Iran or an Iranian financial institution to finance the purchase from a third country of Iranian-origin carpets by a U.S. person or third-country national.

(3) A United States person may broker the sale of Iranian-origin carpets from Iran to a third-country national located outside Iran or to another U.S. person wherever located.

(4) A bank that is owned or controlled by the Government of Iran may forward letter of credit documents, strictly on a documentary collection basis, either directly to a United States depository institution or to a third-country bank that is not included within the definition of the term Government of Iran or an Iranian financial institution and that is party to a letter of credit issued by a United States depository institution. The Iranian bank may not, however, send the documents on an "approval" basis, since it is not and cannot be party to the letter of credit.

M. <u>OTHER</u>

M. 1. Are Iranian citizens who are permanent residents of the United States or dual U.S.-Iranian citizens located anywhere in the world generally permitted to conduct business or trade with Iranian companies or operate a business in Iran?

No. Both an Iranian citizen who is a permanent resident alien of the United States and an individual who is a dual U.S.-Iranian citizen meet the definition of a U.S. person set forth in section 560.314 of the ITSR, regardless of where in the world they are located. U.S. persons are generally prohibited under the ITSR from engaging in transactions or dealings involving Iran that are not exempt from regulation or authorized by OFAC. However, OFAC has issued a number of general licenses that authorize U.S. persons, including Iranian citizens who are permanent residents of the United States and dual U.S.-Iranian citizens located anywhere in the world, to conduct certain activities with regard to Iran that would otherwise be prohibited under the ITSR, such as the exportation to Iran of agricultural commodities (including food), medicine, and medical supplies and the exportation of hardware, software, and services incident to personal communications. The United States committed in the JCPOA to license certain activities involving U.S. persons, including the sale to Iran of commercial passenger aircraft and related parts and services, provided they are used exclusively for commercial passenger aviation; the importation of Iranian-origin carpets and foodstuffs; and activities involving Iran conducted by foreign subsidiaries of U.S. companies.

M. 2. What level of due diligence is expected from industry since there is no relief for the IRGC in the JCPOA, given the IRGC plays a significant role in the Iranian economy?

After Implementation Day, non-U.S. persons who knowingly conduct significant financial transactions with Iranian or Iran-related persons on the SDN List, including the IRGC, continue to be exposed to sanctions (*see* FAQ A.6).

OFAC recommends that a person considering business in Iran or with Iranian persons conduct due diligence sufficient to ensure that it is not knowingly engaging in transactions with the IRGC or other Iranian or Iran-related persons on the SDN List (*see* FAQ A.6), and keep records documenting that due diligence. U.S. persons may refer to FAQ <u>116</u> for additional guidance on compliance expectations for intermediary banks.

M. 3. How will we know if sanctions snap back? How far in advance will we know that sanctions are to snap back?

The United States is committed to ensuring the JCPOA's success, and will make every effort to resolve any concerns through the procedures established under the JCPOA. In the event that we are unable to resolve our concerns through the established procedures, the U.S. government would communicate this information clearly to the public via the same channels used to communicate previous JPOA and JCPOA updates. We are unable to predict how far in advance notice will be given in the event that sanctions snap back.

M. 4. In the event of a snapback, will sanctions apply retroactively to legitimate business activity that takes place after Implementation Day but before the snapback occurs?

No. The United States has committed not to retroactively impose sanctions for legitimate activity undertaken after Implementation Day. Transactions conducted after the snapback occurs, however, could be sanctionable to the extent they implicate activity for which sanctions have been re-imposed. The JCPOA does not grandfather contracts signed prior to snapback. The U.S. government has a past practice of working with U.S. or third-country companies to minimize the impact of sanctions on the legitimate activities of those parties undertaken prior to the imposition of sanctions, and we anticipate doing the same in the event of a JCPOA sanctions snapback.

M. 5. In the past the U.S. government has authorized a wind-down period when new sanctions came into effect to allow companies to disengage from Iran. Will a wind-down period be provided in the event sanctions are re-imposed on Iran?

The U.S. government has a past practice of working with U.S. or third-country companies to minimize the impact of sanctions on the legitimate activities of those parties undertaken prior to the imposition of sanctions, and we anticipate doing the same in the event of a JCPOA sanctions snapback. If U.S. sanctions were to snap back in whole or in part, OFAC would provide guidance in this regard on its website.

M. 6. The Main Text of the JCPOA, paragraph 30, states that "Following the lifting of sanctions under this JCPOA as specified in Annex II, ongoing investigations on possible infringements of such sanctions may be reviewed in accordance with applicable national laws." What does this mean with respect to any investigations into or enforcement of U.S. sanctions violations?

As a general matter, the nuclear-related sanctions that are the subject of U.S. commitments in Annex II of the JCPOA are secondary sanctions that are directed toward the activity of non-U.S. persons occurring outside of the United States that is not otherwise subject to U.S. jurisdiction. To the extent an ongoing investigation of a non-U.S. person relates to activity within the scope of the secondary sanctions to be lifted on Implementation Day, the U.S. government will not sanction the non-U.S. person under those authorities following Implementation Day.

Notwithstanding the JCPOA, the U.S. government will continue to administer and enforce a range of sanctions with respect to Iran, including the domestic trade embargo implemented through the ITSR. The ITSR largely prohibit U.S. persons from exporting, directly or indirectly, goods, technology, and services to, or importing goods, technology, and services from, Iran. Under longstanding practice, apparent sanctions violations are analyzed in light of the laws and regulations that were in place at the time of the underlying activities, and civil and criminal enforcement authorities are applied accordingly. Investigations into apparent violations of U.S. sanctions authorities that were not lifted on Implementation Day, including the ITSR, will not be affected by the JCPOA, and future enforcement actions may follow. Similarly, investigations into apparent violations resulting from pre-Implementation Day activities that would be within the scope of authorizations available beginning on Implementation Day will not be affected by the JCPOA, and future enforcement actions may follow.

M. 7. Do the U.S. commitments with respect to sanctions contained in the JCPOA alter or impact any prior enforcement actions OFAC has taken with respect to any entity, including non-U.S. financial institutions?

No. None of the enforcement actions that OFAC has finalized to date, including any settlement agreement or the terms and conditions set forth therein, will be altered or impacted in any way by implementation of the JCPOA. To the extent that any party, including a non-U.S. financial institution, has entered into a settlement agreement with OFAC, the party will continue to be bound by that agreement after Implementation Day.

M. 8. Do the U.S. commitments with respect to sanctions contained in the JCPOA alter or impact any prior enforcement actions by regulatory authorities other than OFAC?

OFAC does not expect the JCPOA to alter or impact any prior enforcement actions by other regulatory authorities. Specific questions regarding the potential impact of the JCPOA on enforcement actions taken by other agencies, such as settlement agreements, consent orders, or cease and desist orders agreed to or issued by federal, state, and/or local banking regulators, or deferred prosecution agreements that violators have entered into with the U.S. Department of Justice and/or state or local law enforcement agencies, should be directed to the relevant regulatory or enforcement agency.

M. 9. After Implementation Day, are U.S. persons able to export, reexport, sell, or provide goods, services, or technology to Iran? And can non-U.S. persons export, reexport, sell, or provide U.S. goods, services, or technology to Iran?

No, unless the transaction is exempt from regulation or authorized by OFAC. Under section 560.204 of the ITSR, U.S. persons continue to be broadly prohibited from exporting any goods, services, or technology directly or indirectly to Iran, with the exception of transactions that are exempt from regulation or authorized by OFAC. Furthermore, section 560.204 of the ITSR generally prohibits the exportation, reexportation, sale, or supply, directly or indirectly, of any goods, technology, or services from the United States or by U.S. persons to a person in a third country undertaken with knowledge or reason to know that such goods, technology, or services are intended specifically for supply, transshipment, or reexportation, directly or indirectly, to Iran or the Government of Iran; or that such goods, technology, or services are intended specifically for use in the production of, for commingling with, or for incorporation into goods, technology, or services to be directly or indirectly supplied, transshipped, or reexported exclusively or predominantly to Iran or the Government of Iran. These prohibitions remain in place even if secondary sanctions on the transaction or activity have been lifted under the JCPOA.

In addition, pursuant to section 560.205 of the ITSR, non-U.S. persons continue to be prohibited from reexporting from a third country, directly or indirectly, any goods, technology, or services that have been exported from the United States if they know or have reason to know that the reexportation is intended specifically for Iran or the Government of Iran and the items are controlled for export from the United States to Iran. Non-U.S. persons also continue to be prohibited from reexporting from a third country items containing 10 percent or more U.S.-controlled content, if undertaken with knowledge or reason to know that the reexportation or reexportation of U.S.-origin goods that are designated as EAR99 under the EAR from a third country to Iran without knowledge or reason to know at the time of export from the United States that the goods are intended specifically for Iran would not be prohibited. Additional export controls administered by the Department of Commerce may also apply.



DEPARTMENT OF THE TREASURY WASHINGTON, D.C. 20220

OFFICE OF FOREIGN ASSETS CONTROL

Iranian Transactions and Sanctions Regulations 31 C.F.R. Part 560

GENERAL LICENSE H

Authorizing Certain Transactions Relating to Foreign Entities Owned or Controlled by a United States Person

(a) Except as provided in paragraph (c), an entity owned or controlled by a United States person and established or maintained outside the United States (a "U.S.-owned or -controlled foreign entity") is authorized to engage in transactions, directly or indirectly, with the Government of Iran or any person subject to the jurisdiction of the Government of Iran that would otherwise be prohibited by 31 C.F.R. § 560.215.

Note 1 to paragraph (a): This general license does not authorize the reexportation from a third country of any goods, technology, or services prohibited by 31 C.F.R. § 560.205.

Note 2 to paragraph (a): For purposes of this general license, an entity is "owned or controlled" by a United States person if the United States person: (1) holds a 50 percent or greater equity interest by vote or value in the entity; (2) holds a majority of seats on the board of directors of the entity; or (3) otherwise controls the actions, policies, or personnel decisions of the entity. See 31 C.F.R. § 560.314 for a definition of the term United States person, which includes foreign branches of an entity organized under the laws of the United States or any jurisdiction within the United States.

(b) A United States person is authorized to engage in the following activities that would otherwise be prohibited by 31 C.F.R. part 560:

(1) activities related to the establishment or alteration of operating policies and procedures of a United States entity or a U.S.-owned or -controlled foreign entity, to the extent necessary to allow a U.S.-owned or -controlled foreign entity to engage in transactions authorized in paragraph (a); and

(2) activities to make available to those foreign entities that the U.S. person owns or controls any automated and globally integrated computer, accounting, email, telecommunications, or other business support system, platform, database, application, or server necessary to store, collect, transmit, generate, or otherwise process documents or information related to transactions authorized in paragraph (a).

Note 1 to paragraph (b)(2): For purposes of this subsection, the term "automated" refers to a computer, accounting, email, telecommunications, or other business support system, platform, database, application, or server that operates passively and without human intervention to facilitate the flow of data between and among the United States person and its owned or controlled foreign entities.

Note 2 to paragraph (b)(2): For purposes of this subsection, the term "globally integrated" refers to a computer, accounting, email, telecommunications, or other business support system, platform, database, application, or server that is available to, and in general use by, the United States person's global organization, including the United States person and its owned or controlled foreign entities.

Note 3 to paragraph (b)(2): Paragraph (b)(2) does not authorize the use of any automated computer, accounting, email, telecommunications, or other business support system, platform, database, application, or server in connection with any transfer of funds to, from, or through a United States depository institution or a United States-registered broker or dealer in securities.

Note to paragraph (b): See 31 C.F.R. § 560.208 for prohibitions on facilitation by United States persons, which remain in effect, with the exception of activities authorized in paragraph (b).

(c) Paragraph (a) of this general license does not authorize transactions involving:

(1) The exportation, reexportation, sale, or supply, directly or indirectly, from the United States of any goods, technology, or services prohibited by 31 C.F.R. § 560.204, without separate authorization from the Office of Foreign Assets Control (OFAC);

(2) Any transfer of funds to, from, or through a United States depository institution or a United States-registered broker or dealer in securities;

(3) Any person on OFAC's list of Specially Designated Nationals and Blocked Persons (SDN List), or any activity that would be prohibited by any part of chapter V of 31 C.F.R. other than part 560 if engaged in by a United States person or in the United States;

(4) Any person identified on the List of Foreign Sanctions Evaders pursuant to Executive Order 13608;

(5) Any activity involving any item (including information) subject to the Export Administration Regulations, 15 C.F.R. parts 730-774 (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;

(6) Any military, paramilitary, intelligence, or law enforcement entity of the Government of Iran, or any official, agent, or affiliate thereof;

(7) Any activity that is sanctionable under Executive Order 12938 or 13382 (relating to Iran's proliferation of weapons of mass destruction and their means of delivery, including ballistic missiles); Executive Order 13224 (relating to international terrorism); Executive Order 13572 or 13582 (relating to Syria); Executive Order 13611 (relating to Yemen); or Executive

Order 13553 or 13606, or section 2 or 3 of Executive Order 13628 (relating to Iran's commission of human rights abuses against its citizens); or

(8) Any nuclear activity involving Iran that is subject to the procurement channel established pursuant to paragraph 16 of the United Nations Security Council Resolution 2231 (2015) and Section 6 of Annex IV to the Joint Comprehensive Plan of Action of July 14, 2015 and that has not been approved through that procurement channel process.

(d) This general license does not authorize any transaction by a United States person prohibited by any part of chapter V of 31 C.F.R. other than part 560.

blm Smith

Acting Director Office of Foreign Assets Control

Dated: January 16, 2016

Office of Foreign Assets Control

Note: The following document is for informational purposes only and has no legal effect until publication in the Federal Register. The Department of the Treasury's Office of Foreign Assets Control (OFAC) will be publishing amendments to the Iranian Transactions and Sanctions Regulations, 31 CFR part 560 (ITSR), to implement certain United States Government (USG) commitments for Implementation Day under the Joint Comprehensive Plan of Action (JCPOA) reached on July 14, 2015 between the P5+1 (China, France, Germany, Russia, the United Kingdom, and the United States), the European Union, and Iran. In particular, OFAC will be adding to the ITSR general licenses authorizing the importation into the United States of, and dealings in, certain Iranian-origin foodstuffs and carpets and related transactions to implement the USG commitment set out in section 5.1.3 of Annex II and section 17.5 of Annex V of the JCPOA. Below is the non-operative text of these general licenses. These authorizations will be submitted to the Federal Register for publication as soon as practicable following Implementation Day. They will become effective *only* upon publication in the Federal Register.

TEXT OF GENERAL LICENSES TO BE PUBLISHED IN THE ITSR:

§ 560.534 Importation into the United States of, and dealings in, certain foodstuffs and carpets authorized.

(a) The importation into the United States, from Iran or a third country, of the following goods of Iranian origin is authorized:

(1) Foodstuffs intended for human consumption that are classified under chapters 2-23 of the Harmonized Tariff Schedule of the United States;

(2) Carpets and other textile floor coverings and carpets used as wall hangings that are classified under chapter 57 or heading 9706.00.0060 of the Harmonized Tariff Schedule of the United States.

(b) United States persons, wherever located, are authorized to engage in transactions or dealings in or related to the categories of Iranian-origin goods described in paragraph (a) of this section, provided that the transaction or dealing does not involve or relate to goods, technology, or services for exportation, reexportation, sale, or supply, directly or indirectly, to Iran, the Government of Iran, an Iranian financial institution, or any other person whose property and interests in property are blocked pursuant to section 560.211, other than services described in § 560.405 ("Transactions ordinarily incident to a licensed transaction authorized") and transfers of funds described in § 560.516 ("Transfers of funds involving Iran").

(c) This general license does not authorize the importation into the United States of goods that are under seizure or detention by the Department of Homeland Security, as of [DATE OF PUBLICATION IN THE FEDERAL REGISTER], pursuant to Customs regulations or other applicable provisions of law, until any applicable penalties, charges, duties, or other conditions are satisfied. This general license does not authorize the importation into the United States of goods for which forfeiture proceedings have commenced or of goods that have been forfeited to the U.S. Government, other than through U.S. Customs and Border Protection disposition, including by selling at auction.

(d) <u>Iranian accounts</u>. Nothing in this section authorizes debits or credits to Iranian accounts, as defined in § 560.320.

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§ 560.535 Letters of credit and brokering services relating to certain foodstuffs and carpets.

(a) <u>Purchases from Iran or the Government of Iran or certain other blocked persons</u>. United States depository institutions are authorized to issue letters of credit in favor of a beneficiary in Iran, the Government of Iran, an Iranian financial institution, or any other person whose property and interests in property are blocked pursuant to § 560.211 to pay for purchases from Iran or the Government of Iran of the categories of Iranian-origin goods described in § 560.534(a), provided that such letters of credit are not advised, negotiated, paid, or confirmed by the Government of Iran, an Iranian financial institution, or any other person whose property and interests in property are blocked pursuant to § 560.211.

(b) <u>Transactions or dealings in Iranian-origin goods located in third countries, other than</u> <u>purchases from the Government of Iran or certain other blocked persons</u>. United States depository institutions are authorized to issue, advise, negotiate, or confirm letters of credit to pay for transactions in or related to Iranian-origin goods described in § 560.534(a) and located in a third-country, other than purchases from the Government of Iran, an Iranian financial

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institution, or any other person whose property and interests in property are blocked pursuant to § 560.211, provided that such letters of credit are not issued, advised, negotiated, paid, or confirmed by the Government of Iran, an Iranian financial institution, or any other person whose property and interests in property are blocked pursuant to § 560.211.

(c) <u>Brokering</u>. United States persons, wherever located, are authorized to act as brokers for the purchase or sale of the categories of Iranian-origin goods described in § 560.534(a), provided that the goods are not for exportation, reexportation, sale, or supply, directly or indirectly, to Iran, the Government of Iran, an Iranian financial institution, or any other person whose property and interests in property are blocked pursuant to § 560.211.

(d) <u>Iranian accounts</u>. Nothing in this section authorizes debits or credits to Iranian accounts, as defined in § 560.320.

Note: See §§ 560.304 and 560.313 for information relating to individuals and entities that are included within the definition of the term <u>Government of Iran</u> and § 560.324 regarding entities included within the definition of the term <u>Iranian financial institution</u>. See § 560.516 for information relating to authorized transfers to Iran by U.S. depository institutions relating to licensed transactions.

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DEPARTMENT OF THE TREASURY WASHINGTON, D.C. 20220

OFFICE OF FOREIGN ASSETS CONTROL

Iranian Transactions and Sanctions Regulations 31 C.F.R. Part 560

STATEMENT OF LICENSING POLICY FOR ACTIVITIES RELATED TO THE EXPORT OR RE-EXPORT TO IRAN OF COMMERCIAL PASSENGER AIRCRAFT AND RELATED PARTS AND SERVICES

Consistent with U.S. foreign policy and the United States' commitment with respect to sanctions reflected in Section 5.1.1 of Annex II to the Joint Comprehensive Plan of Action of July 14, 2015 (JCPOA), the following Statement of Licensing Policy establishes a favorable licensing policy under which U.S. and non-U.S. persons may request specific authorization from OFAC to engage in transactions for the sale of commercial passenger aircraft and related parts and services to Iran, provided such transactions do not involve any person on OFAC's Specially Designated Nationals and Blocked Persons List ("SDN List").

As of Implementation Day of the JCPOA, specific licenses may be issued on a case-by-case basis to authorize U.S. persons and, where there is a nexus to U.S. jurisdiction, non-U.S. persons to (1) export, re-export, sell, lease, or transfer to Iran commercial passenger aircraft for exclusively civil aviation end-use, (2) export, re-export, sell, lease, or transfer to Iran spare parts and components for commercial passenger aircraft, and (3) provide associated services, including warranty, maintenance, and repair services and safety-related inspections, for all the foregoing, provided that licensed items and services are used exclusively for commercial passenger aviation.

Applications for specific licenses pursuant to this Statement of Licensing Policy may be submitted online at <u>http://www.treasury.gov/resource-center/sanctions/Pages/licensing.aspx</u>, or alternatively by mail or courier, pursuant to section 501.801 of the Reporting, Procedures and Penalties Regulations, 31 C.F.R. Part 501, to the Office of Foreign Assets Control, U.S. Department of the Treasury, Treasury Annex, 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220, Attn: Iran Commercial Passenger Aviation. Please provide complete details of all transactions for which authorization is sought, including U.S. Department of Commerce Export Control Classification Numbers (ECCNs) for all goods and technology subject to the U.S. Export Administration Regulations (EAR) to be exported or re-exported to Iran.

Note 1: Specific license applications will be evaluated in light of the Iran-Iraq Arms Nonproliferation Act and any other relevant statutes, as appropriate.

Note 2: Licenses issued pursuant to the Statement of Licensing Policy will include appropriate conditions to ensure that licensed activities do not involve, and no licensed aircraft, goods, or services are re-sold or re-transferred to, any person on the SDN List.

Note 3: Exports or reexports to individuals and entities listed on the Department of Commerce's Denied Persons List and, in some cases, the Entity List will require separate authorization from the Department of Commerce. The Denied Persons List may be accessed at http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list and the Entity List may be accessed at http://www.bis.doc.gov/index.php/policy-guidance/lists-of-concern/denied-persons-list and the Entity List may be accessed at http://www.bis.doc.gov/index.php/policy-guidance/lists-of-concern/denied-persons-list and the Entity List may be accessed at http://www.bis.doc.gov/index.php/policy-guidance/lists-of-concern/denied-persons-list and the Entity List may be accessed at http://www.bis.doc.gov/index.php/policy-guidance/lists-of-concern/entity-list. Applicants seeking to engage in transactions that would require separate authorization from the Department of Commerce should submit an application to it when submitting an application to OFAC pursuant to the Statement of Licensing Policy; the application to OFAC should also identify any individuals or entities that may give rise to a requirement for a separate authorization from the Department of Commerce.

January 16, 2016