

## Iran Sanctions Return

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Friday, May 11, 2018

### Key Points

1. All sanctions on Iran that were in place before January 2016 will be re-imposed no later than November, 4 2018.
2. Secondary sanctions that penalize non-U.S. persons doing business with Iran will be reinstated.
3. General License H, allowing non-U.S. subsidiaries of U.S. companies to do business in Iran, will be revoked.
4. In some cases, companies may take payments or repayments for sales, loans, or credits to Iran after November 4, 2018

### Overview

#### General

- **Wind Down Period.** There is a 90-day wind down period (ends August 6, 2018) and a 180-day wind down period (ends November 4, 2018); at the end of each, specific sanctions that were lifted as a result of the JCPOA will be re-imposed.
- **Payments and Repayments.** If a non-US, non-Iranian person is owed payment or repayment after the end of both wind-down periods for (1) goods or services fully provided or (2) loans or credits extended to an Iranian person prior to the end of the applicable wind down period, the U.S. government will allow the person to take payment or repayment provided the following:
  - The sale, loan, or credit was made pursuant to a written contract or agreement entered into before May 8, 2018; and
  - The activities were consistent with U.S. sanctions in effect at the time the sale, loan, or credit was made.
- **FAQs.** If the JCPOA FAQs conflict with guidance issued by the Department of State or Treasury regarding the wind down of activities, the later-issued guidance should be followed

#### Sanctions Listings

- OFAC will place persons identified as “Iranian financial institutions” and the “Government of Iran” back on the SDN list no later than November 5, 2018
- No later than November 5, 2018, OFAC will re-impose, as appropriate, the sanctions that applied to persons removed from the SDN List and/or other lists maintained by OFAC on January 16, 2016.

#### Licensing

- Unexpired specific licenses issued pursuant to the Statement of Licensing Policy on commercial passenger aircraft and related parts and services (JCPOA SLP) will be revoked on August 6, 2018.
  - OFAC will no longer evaluate applications for licenses under the JCPOA SLP.
- OFAC will revoke General License H (authorizing U.S.-owned or -controlled foreign entities to engage in certain activities involving Iran) and GL I (authorizing U.S. persons to enter into and engage in transactions



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incident to negotiations of contracts for activities authorized by the JCPOA SLP) as soon as is administratively feasible.

→ The wind down of activities authorized under General License H must be completed by **November 4, 2018** and for I must be completed by **August 6, 2018**

## Other

- Sanctions lifted under 1245(d) of the National Defense Authorization Act for Fiscal Year 2012 (NDAA) will be re-imposed after 180-day wind down period. State Department will make determinations regarding significant reduction exceptions provided for in section 1245(d)(4)(D) of the NDAA at the end of the 180-day wind down period.  
→ In making these determinations, the State Department will consider evidence regarding each country's efforts to regarding the importation of Iranian origin carpets and foodstuffs, and related financial transactions.

## Specific Sanctions Reimplementation

- **The 90-day wind down period** ends on August 6, 2018. Sanctions related to the following will be re-imposed:
  - The purchase or acquisition of U.S. dollar banknotes by the Iranian government;
  - Iran's trade in gold or precious metals;
  - The sale supply, or transfer to or from Iran of graphite raw, or semi-finished metals;
  - The purchase, subscription to, or facilitation of the issuance of Iranian sovereign debt;
  - Sanctions on Iran's automotive sector;
  - Sanctions on the maintenance of significant funds or accounts outside Iranian territory denominated in Iranian Rial;□
  - Sanctions on significant transactions related to purchase/sale of Iranian Rial; and
  - Also at the end of the 90-day-wind down period, the US government will revoke JCPOA-related authorizations regarding the importation of Iranian origin carpets and foodstuffs, and related financial transactions.
- **The 180-day wind down period** ends on November 4, 2018. Sanctions related to the following will be re-imposed:
  - Sanctions on Iran's port operators, and shipping and shipbuilding sectors;
  - Sanctions on petroleum-related transactions with, among others, the National Iranian Oil Company (NIOC), Naftiran Intertrade Company (NICO), and National Iranian Tanker Company (NITC);
  - Sanctions on transactions by foreign financial institutions (FFIs) with the Central Bank of Iran (CBI) and designated Iranian financial institutions under Section 1245 of the NDAA;
  - Sanctions on the provision of specialized financial messaging services to the CBI and Iranian financial institutions described in Section 104(c)(2)(E)(ii) of the Comprehensive Iran Sanctions and Divestment Act of 2010 (CISADA);
  - Sanctions on the provision of underwriting services, insurance, or reinsurance; and
  - Sanctions on Iran's energy sector.

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