

CLIENT ALERT

Treasury and State Departments Prepare To Reimpose Iran Sanctions After President Trump Announces U.S. Withdrawal from Iran Nuclear Deal

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On May 8, 2018, President Trump announced that he is withdrawing the United States from the nuclear deal with Iran and ending the implementation of U.S. obligations under the Joint Comprehensive Plan of Action (the “JCPOA”). As a result, the U.S. Department of the Treasury and U.S. Department of State will take steps to gradually reimpose the previously-lifted sanctions over the next six months.

The president issued a memorandum, available [here](#), in which he ordered the Treasury and the State Departments to immediately begin taking steps to reimpose all of the nuclear-related sanctions against Iran that were lifted pursuant to the implementation of the JCPOA. Those steps will include the revocation of licenses that authorized certain activity with Iran pursuant to the JCPOA, as well as the revocation of all waivers that were issued under the JCPOA to lift certain statutory sanctions under the JCPOA. The president ordered that the reimposition of sanctions be accomplished as expeditiously as possible and no later than 180 days from May 8, on November 4, 2018. The Treasury and State Departments will issue waivers or authorizations for a 90-day or 180-day wind-down period for activity that was authorized under the JCPOA, which will again be prohibited or sanctionable under U.S. law.

The Treasury Department’s Office of Foreign Assets Control (“OFAC”) published a number of Frequently Asked Questions regarding the reimposition of sanctions pursuant to the president’s memorandum, available [here](#). Significantly,

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OFAC advised that it intends to revoke General License H which authorizes most business activity with Iran engaged in by foreign entities owned or controlled by U.S. companies. OFAC will reissue a new version of General License H that will authorize U.S.-owned or controlled foreign entities to engage in transactions ordinarily incident and necessary to wind down activities that were previously authorized by General License H until November 4, 2018. OFAC also advised that on August 6, 2018 it will revoke any specific licenses issued pursuant to the Statement of Licensing Policy for activities related to the export or reexport of commercial passenger aircraft and related parts and services, as well as General License I, which authorizes activities related to the marketing of aircraft in Iran, and the general license for the importation into the United States of Iranian-origin carpets and foodstuffs.

So-called secondary sanctions will also be reimposed, threatening U.S. sanctions against non-U.S. persons engaging in specific activities. The wind-down period for these activities is either 90 days, expiring on August 6, 2018, or 180 days, expiring on November 4, 2018. The secondary sanctions subject to the 90-day wind-down period include sanctions on services related to the acquisition of U.S. dollar banknotes by the government of Iran, Iran's trade in gold or precious metals, significant transactions related to the purchase or sale of Iranian rials, the purchase of Iranian sovereign debt, and Iran's automotive sector. The secondary sanctions subject to the 180-day wind-down period include sanctions on services related to Iran's energy, ports, and shipping sectors; petroleum-related transactions and the purchase of petrochemical products from Iran; the provision of specialized financial messaging services to the Central Bank of Iran and certain other Iranian banks; and the provision of insurance and related services.

Finally, OFAC will again place hundreds of individuals and entities on the List of Specially Designated Nationals and Blocked Persons (the "SDN List"), rescinding the removal of those individuals and entities from the SDN List following the implementation of the JCPOA. Secondary sanctions will apply to significant transactions with these individuals and entities when they are placed on the SDN List no later than November 5, 2018.

The reimposition of these sanctions will primarily affect non-U.S. companies and non-U.S. subsidiaries of U.S. companies involved in business activity with Iran. Companies should immediately begin plans to wind down prohibited activity, assess activity that may become sanctionable in 90 or 180 days, and continue to monitor guidance issued by OFAC and the State Department regarding these changes.

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