

# Exhibit 13

Exhibit 13

*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.*

**Frequently Asked Questions Relating to the Lifting of Certain U.S. Sanctions Under the Joint Comprehensive Plan of Action (JCPOA) on Implementation Day<sup>1</sup>**

**A. GENERAL QUESTIONS**

**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 nuclear-related 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. [01-16-2016]

**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. persons<sup>2</sup> 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:

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<sup>1</sup> 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 Plan of Action on Implementation Day* ([Guidance Document](#)) issued by the U.S. Department of the Treasury and the U.S. Department of State.

<sup>2</sup> 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.<sup>3</sup> [01-16-2016]

### **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. persons<sup>4</sup> –

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<sup>3</sup> 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.

<sup>4</sup> 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

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 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 knowingly<sup>5</sup> 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.

- ii. *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 [Guidance Document](#):
- *Support for terrorism:* Executive Order 13224 (blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism);
  - *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);

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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.

<sup>5</sup> 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](#)).

- Proliferation of WMD and their means of delivery, including ballistic missiles: 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
- Support for persons threatening the peace, security, or stability of Yemen: Executive Order 13611.

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.

- iii. *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 significant<sup>6</sup> 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 Act of 2012 (IFCA) that are outside the scope of the JCPOA and related waivers remain in place.

*See* section VII of the [Guidance Document](#) 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. [01-16-2016]

#### **A. 4. How did the 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.

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<sup>6</sup> 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](#)).

- ***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 [Guidance Document](#) provide details on the specific provisions waived on Implementation Day and certain discretionary sanctions authorities the United States has committed not to exercise.
- ***Removal of Sanctions Listings.*** On Implementation Day, the individuals and entities set out in [Attachment 3](#) 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 Annex V 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). [01-16-2016]

**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. [01-16-2016]

**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 149](#).

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. [01-16-2016]

**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 FAQs). 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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

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

Transition Day will occur eight years from [Adoption Day](#), 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 [Attachment 4](#) 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.<sup>7</sup>

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. [01-16-2016]

**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 Day, the JPOA ceased to be in effect and the relevant sanctions lifting was provided as part of the JCPOA. [01-16-2016]

**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

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<sup>7</sup> 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.

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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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). [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**C. FINANCIAL AND BANKING MEASURES**

**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* [Attachment 3](#) 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 institutions<sup>8</sup> are able to conduct transactions with respect to the CBI's previously

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<sup>8</sup> 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).

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. [01-16-2016]

**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. [01-16-2016]

**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 [Attachment 3](#) 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. [01-16-2016]

**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 [Attachment 3](#) 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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**C. 7. After Implementation Day, can foreign financial institutions, including foreign-incorporated subsidiaries of U.S. financial institutions, process transactions denominated in U.S. dollars or maintain U.S. dollar-denominated accounts on behalf of the Government of Iran or any person subject to the jurisdiction of the Government of Iran, such as NIOC or the CBI?**

Yes. Foreign financial institutions, including foreign-incorporated subsidiaries of U.S. financial institutions, may process transactions denominated in U.S. dollars or maintain

U.S. dollar-denominated accounts that involve Iran or persons ordinarily resident in Iran, or in which there is an interest of a person whose property and interests in property are blocked solely pursuant to Executive Order 13599 and section 560.211 of the ITSR, including NIOC, the CBI, and other individuals and entities that meet the definition of the Government of Iran or an Iranian financial institution, provided that such transactions or account activities do not involve, directly or indirectly, the United States financial system or any United States person, and do not involve any person on the SDN List or conduct described in FAQ A.3.ii-iii. *See* section K of these FAQs for information on General License H, which authorizes U.S.-owned or -controlled foreign entities to engage in certain activities involving Iran.

However, even after Implementation Day, foreign financial institutions, including foreign-incorporated subsidiaries of U.S. financial institutions, need to continue to ensure they do not process U.S. dollar-denominated transactions involving Iran through the U.S. financial system or otherwise involve U.S. financial institutions (including their foreign branches), given that U.S. persons continue to be prohibited from exporting goods, services (including financial services), or technology directly or indirectly to Iran, 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. [01-16-2016; updated on 10-07-2016]

**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. [01-16-2016]

**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 [116](#). [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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 [Guidance Document](#) for an overview of key U.S. legal authorities that remain in place after Implementation Day. [01-16-2016]

**C. 15. Can U.S. financial institutions transact with, including by opening or maintaining correspondent accounts for, non-U.S., non-Iranian financial institutions that maintain correspondent banking relationships with Iranian financial institutions that are not on the SDN List?**

Yes. U.S. financial institutions can transact with, including by opening or maintaining correspondent accounts for, non-U.S., non-Iranian financial institutions that maintain correspondent banking relationships or otherwise transact with Iranian financial institutions that are not on the SDN List. It remains prohibited, however, for non-U.S. financial institutions to route transactions involving Iran to or through the U.S. financial system, or involve U.S. persons in such transactions, unless the transactions are exempt from regulation or authorized by OFAC. Non-U.S., non-Iranian financial institutions should have appropriate systems and controls to ensure that they do not route transactions involving Iran to or through the U.S. financial system unless the transactions are exempt from regulation or authorized by OFAC. [06-08-2016; updated on 10-07-2016]

**C. 16. Can a non-U.S., non-Iranian entity (including a non-U.S., non-Iranian financial institution) engage in transactions with Iranian persons not on the SDN List even though one or more U.S. persons serve on that entity’s Board of Directors or as senior managers (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Compliance Officer)? Must these U.S. persons be recused or “walled off” from the entity’s Iran-related business?**

The presence of one or more U.S. persons on the Board of Directors or serving as a senior manager of a non-U.S., non-Iranian entity does not necessarily preclude that entity from transacting with Iranian persons that are not on the SDN List. Unless authorized by OFAC, however, U.S. persons must be walled off or “ring-fenced” from Iran-related business because, with limited exceptions, U.S. persons continue to be broadly prohibited from engaging in or facilitating transactions or dealings with Iran or its government. The prohibitions on the exportation or reexportation of services to Iran and facilitation have been in place for decades, and are consistent with prohibitions applied across a range of U.S. sanctions programs administered by OFAC.

Non-U.S., non-Iranian entities establishing policies regarding how to wall off the U.S. persons from the institution's Iran-related business should consider instituting a blanket recusal policy (as opposed to case-by-case abstentions, which, depending on the facts and circumstances, could be considered a prohibited facilitation and/or export of services under the ITSR) for U.S. person directors, senior managers, and other employees with respect to Iran-related matters. The institution of a blanket recusal policy requiring that all U.S. person employees of a non-U.S., non-Iranian entity not be involved in Iran-related activities would not be considered prohibited activity under the ITSR. In instances where national laws prohibit the recusal of a U.S. person executive from the decision-making processes of his or her non-U.S. employer, including those involving Iran-related business, the executive or employer should consult with their counsel and/or approach OFAC for additional guidance. [06-08-2016]

**D. INSURANCE MEASURES**

**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 [Attachment 3](#) 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. [01-16-2016]

**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. [01-16-2016]

**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.ii-iii.

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 [102](#). [01-16-2016]

**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 [102](#). [01-16-2016]

**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 [102](#). [01-16-2016]

**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 [102](#). [01-16-2016]

**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 [104](#). [01-16-2016]

**E. SHIPPING, SHIPBUILDING, AND PORT SECTORS**

**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. [01-16-2016]

**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. [01-16-2016]

**F. GOLD AND OTHER PRECIOUS METALS**

**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. [01-16-2016]

**G. SOFTWARE AND METALS**

**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. [01-16-2016]

**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. [01-16-2016]

**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). [01-16-2016]

## **H. AUTOMOTIVE SECTOR**

### **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 [310](#), [311](#), [316](#), and [317](#) for a discussion of “Iran’s automotive sector” and goods and services associated with Iran’s automotive sector. [01-16-2016]

### **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. [01-16-2016]

### **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. [01-16-2016]

## **I. DESIGNATIONS AND OTHER SANCTIONS LISTINGS**

### **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 [Attachment 3](#) 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. [01-16-2016]

### **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. [01-16-2016]

### **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. [01-16-2016]

**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. [01-16-2016]

**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 [Attachment 4](#) 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. [01-16-2016]

**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). [01-16-2016]

**J. COMMERCIAL PASSENGER AVIATION**

**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 [Statement of Licensing Policy](#) (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. [01-16-2016]

**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. [01-16-2016]

**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 component over a period of years after it has been exported to Iran would 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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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 or reexport 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. [01-16-2016]

**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 <http://sanctionssearch.ofac.treas.gov/>) and are labeled with the program tag [SDGT]. [01-16-2016]

**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 <http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-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 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. [01-16-2016]

**J. 9. Why did OFAC issue General License I (GL I)?**

As a general matter, unless authorized by OFAC, U.S. persons are prohibited from entering into contracts – contingent or otherwise – involving Iran or the Government of Iran. In addition, U.S. persons are prohibited from engaging in activities that are ordinarily incident to the negotiation of or entry into a contract involving Iran or the Government of Iran if such activities implicate the prohibitions of the ITSR (*e.g.*, activities that may involve the importation of services from, or exportation of services to, an Iranian party).

Authorizing U.S. persons to enter into, and to engage in transactions that are ordinarily incident to the negotiation of and the entry into, contingent contracts for activities eligible for authorization under the *Statement of Licensing Policy for Activities Related to the Export or Re-export to Iran of Commercial Passenger Aircraft and Related Parts and Services* (SLP) will allow for more efficient processing of specific license applications for the export or re-export to Iran of commercial passenger aircraft and related parts and services submitted under the SLP. However, GL I does not authorize transactions related to the negotiation of contracts – contingent or otherwise – involving individuals and entities on the SDN list.

Non-U.S. persons are not prohibited under the ITSR from entering into contracts – contingent or otherwise – involving Iran or the Government of Iran that are eligible for authorization under the SLP. However, prior to performing activities eligible for authorization under the SLP, non-U.S. persons must obtain a specific license from OFAC. [03-24-16]

**J. 10. Does GL I authorize the export or re-export of commercial passenger aircraft and/or related parts or services to Iran?**

No. GL I does not authorize the export or re-export of any aircraft or related parts or services to Iran. Persons interested in exporting or re-exporting commercial passenger aircraft and related parts and services to Iran under the SLP are required to submit a specific license application to OFAC. [03-24-16]

**J. 11. What information should be included in specific license applications submitted under the SLP?**

Persons seeking to export or re-export commercial passenger aircraft and/or related parts and services under the SLP should include as much detail about the transaction as possible. As an initial matter, applications must include the following information: 1) the types and number of aircraft being exported or leased; 2) the Export Control Classification Number(s) for the aircraft, related parts, and/or technology being exported or leased; 3) the Iranian airline receiving the aircraft; 4) the proposed end-use of the aircraft; and 5) any other information that may be relevant to the processing of the request. [03-24-16]

**J. 12. Is the negotiation of and entry into a Nondisclosure Agreement (NDA) in connection with the negotiation of a contingent contract for activities eligible for authorization under the SLP authorized by GL I?**

Yes. However, the enforcement of any breach of an NDA against an Iranian party does not fall within the scope of the authorization in GL I and may require separate authorization. [03-24-16]

**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 [General License H: Authorizing Certain](#)



[Transactions Relating to Foreign Entities Owned or Controlled by a United States Person](#) (GL H). GL H was published on OFAC's website on January 16, 2016. [01-16-2016]

**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 and FAQ K.17. [01-16-2016; updated on 06-08-2016]

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

Pursuant to [GL H](#), 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. [01-16-2016]

**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 [GL H](#) 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. [01-16-2016]

**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 [GL H](#) 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. [01-16-2016]

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

[GL H](#) 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. [01-16-2016]

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

Yes. [GL H](#) 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. [01-16-2016]

**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 [GL H](#) 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 entity to engage in transactions authorized under GL H. This 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. [01-16-2016]

- 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 [GL H](#) 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. [01-16-2016]

- K. 10. What does “automated” mean in reference to the Authorized Business Support Systems enumerated in GL H?**

In the context of [GL H](#), 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. [01-16-2016]

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

In the context of [GL H](#), 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. [01-16-2016]

**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 [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. [01-16-2016]

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

No. [GL H](#) 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. [01-16-2016]

**K. 14. Does GL H authorize a U.S. person to alter its policies and procedures, or the policies or procedures of its owned or controlled foreign entity, to allow the U.S.-owned or -controlled foreign entity to establish a physical presence inside Iran?**

Yes. [GLH](#) authorizes a U.S. parent to alter its policies and procedures, and/or the policies and procedures of its owned or controlled foreign entity, to allow the U.S.-owned or -controlled foreign entity to establish a physical presence inside Iran. U.S.-owned or -controlled foreign entities, however, 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 (*see* FAQs K.13 and M.9). [06-08-2016]

**K. 15. Are U.S.-owned or -controlled foreign entities considered U.S. persons?**

No. The term *United States person* or *U.S. person*, as it is defined in section 560.314 of the ITSR, 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. Although U.S.-owned or -controlled entities are subject to the prohibitions of the ITSR pursuant to section 560.215 (and eligible for the authorizations of GL H), they are not considered U.S. persons under the ITSR. [06-08-2016]

**K. 16. Does GL H authorize U.S.-owned or -controlled foreign entities to engage in transactions with individuals and entities on the E.O. 13599 list?**

Yes. [GLH](#) authorizes U.S.-owned or -controlled foreign entities to engage in transactions with individuals and entities on the E.O. 13599 List that are within the scope of the general license (*see* FAQ I.2 for additional information on the E.O. 13599 List). [06-08-2016]

**K. 17. Does OFAC aggregate the interests of multiple U.S. persons in determining whether an entity established or maintained outside the United States is a U.S.-owned or -controlled foreign entity for purposes of GL H and section 560.215 of the ITSR?**

Yes, with certain exceptions. As a general matter, an entity established or maintained outside the United States is considered owned or controlled by a U.S. person if, in the aggregate, one or more U.S. persons hold(s) a 50 percent or greater equity interest by vote or value in the entity or if one or more U.S. persons hold(s) a majority of seats on the board of directors of the entity. A determination as to whether one or more U.S. persons otherwise control(s) the actions, policies, or personnel decisions of a foreign entity is a fact-specific, case-by-case determination, but in making such a determination, OFAC would look to the aggregated ownership interests held, and indicia of control exercised, by all relevant U.S. persons.

In the specific case of companies organized under the laws of a country other than the United States that are publicly traded or where ownership interests are otherwise widely dispersed, OFAC would not regard such an entity to be owned or controlled by a U.S. person if U.S. persons, in the aggregate, passively hold more than 50 percent of the shares of such entity but no one U.S. person holds a controlling share in the company. However, such a company could still be considered a U.S.-owned or -controlled foreign entity to the extent one or more of the other criteria for ownership or control are met. [06-08-2016]

**K. 18. In cases where multiple U.S. persons, in the aggregate, own or control a foreign entity, are U.S. persons authorized under GL H to amend the policies and procedures of stakeholding U.S. companies and the policies and procedures of the U.S.-owned or -controlled foreign entity?**

Yes. In cases where U.S. persons, in the aggregate, own or control a foreign entity, U.S. persons are permitted to amend the policies and procedures of U.S. entities that own a portion of the U.S.-owned or -controlled foreign entity, as well as the policies and procedures of the U.S.-owned or -controlled foreign entity, to the extent necessary to allow the U.S.-owned or -controlled foreign entity to engage in transactions with Iran that are authorized under [GL H](#) (*see* FAQ K.6 for additional details on the extent to which U.S. persons can engage in altering policies and procedures related to transactions with Iran). [06-08-2016]

**K. 19. Does GL H authorize a U.S. person to establish or alter the operating policies and procedures of a United States entity or a U.S.-owned or -controlled foreign entity more than once?**

Yes. A U.S. person can undertake additional changes to such operating policies and procedures so long as the changes are not with respect to, or for the purpose of facilitating, any particular transaction(s) involving Iran by the U.S.-owned or -controlled foreign entity. [06-08-2016; updated on 10-07-2016]

**K. 20. Must U.S. persons employed by or serving on the Board of Directors of a U.S.-owned or -controlled foreign entity be recused or “walled off” from all Iran-related business of that entity? Can U.S. person employees simply abstain from voting on Iran-related matters?**

In general, unless authorized by OFAC, U.S. persons employed by or serving on the board of directors of a U.S.-owned or -controlled foreign entity (or any other foreign entity) must be recused or “walled off” from all Iran-related business of that entity, except for certain limited activities with respect to Iran that are authorized under section (a) of that GL (*see* FAQs K.8 and K.9).

U.S. persons are authorized under [GL H](#) to allow for such a recusal through the establishment or alteration of policies and procedures of their owned or controlled foreign entities. U.S.-owned or -controlled foreign entities (and other foreign entities) should consider instituting a blanket recusal policy (as opposed to case-by-case abstentions, which, depending on the facts and circumstances, could be considered a prohibited facilitation and/or export of services under the ITSR) for U.S. person directors, managers, and other employees with respect to Iran-related matters (*see* FAQ C.16). [06-08-2016]

**K. 21. Must the U.S. parent company of a U.S.-owned or -controlled foreign entity engaging in transactions with Iran pursuant to GL H remove itself from all day-to-day operations of its owned or controlled foreign entity, or just those related to Iran?**

If a U.S. parent company's owned or controlled foreign entity engages in transactions with Iran pursuant to [GL H](#), and also conducts transactions with other non-sanctioned jurisdictions, the U.S. parent company and its board members, senior management, and employees may continue to be involved in the U.S.-owned or -controlled foreign entity's day-to-day operations with non-sanctioned jurisdictions. [06-08-2016]

**K. 22. Can a U.S. person receive reports from its owned or controlled foreign entities that detail transactions conducted pursuant to GL H, including reporting on transactions that the U.S. person is required to disclose to the Securities and Exchange Commission?**

Yes. A U.S. person may receive reports from its owned or controlled foreign entities that include details on transactions the foreign entity conducted with Iran pursuant to [GL H](#). However, U.S. persons remain prohibited from engaging in Iran-related activities of U.S.-owned or -controlled foreign entities and cannot attempt to influence Iran-related business decisions of such entities based on such reports. [06-08-2016]

**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. [01-16-2016]

## **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. [01-16-2016]

**M. OTHER**

**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. [01-16-2016]

**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 [116](#) for additional guidance on compliance expectations for intermediary banks. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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. [01-16-2016]

**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 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 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. [01-16-2016]

**M. 10. Is it sanctionable for non-U.S. persons to engage in transactions with an entity that is not on the SDN List, but that is minority owned, or that is controlled in whole or in part, by an Iranian or Iran-related person on the SDN List?**

It is not necessarily sanctionable for a non-U.S. person to engage in transactions with an entity that is not on the SDN List but that is minority owned, or that is controlled in whole or in part, by an Iranian or Iran-related person on the SDN List. However, OFAC recommends exercising caution when engaging in transactions with such entities to ensure that such transactions do not involve Iranian or Iran-related persons on the SDN List (*see* FAQ A.6). [10-07-2016]

**M. 11. For non-U.S. persons conducting due diligence on a potential Iranian counterparty, does OFAC consider only checking the SDN List to be sufficient due diligence?**

Screening the names of Iranian counterparties against the SDN List is a step that would generally be expected, but that is not necessarily sufficient (*see* FAQ A.6). In addition to checking the SDN List, non-U.S. persons should consult with their local regulators regarding due diligence expectations in their domestic jurisdictions. In particular, the non-U.S. person should ensure that its due diligence procedures conform to its internal risk-assessment and overall compliance policies, which – in addition to other business considerations – should be based on best practices of the particular industry at issue and conform to guidance and expectations of the non-U.S. person’s home country regulators. OFAC suggests maintaining records documenting those due diligence efforts (*see* FAQ M.2). [10-07-2016]

**M. 12. Does OFAC expect non-U.S. financial institutions to conduct due diligence on their customer’s Iranian customers?**

OFAC considers the appropriate level of due diligence to depend on the financial institution’s role in a transaction (*see* [FAQ 116](#)). While OFAC would consider it a best practice for a non-U.S. financial institution to perform due diligence on its own customers, OFAC does not expect a non-U.S. financial institution to repeat the due diligence its customers have performed on an Iranian customer unless the non-U.S. financial institution has reason to believe that those processes are insufficient. Non-U.S. financial institutions should consult with their local regulators regarding due diligence expectations in their domestic jurisdictions. [10-07-2016]