

**Iranian sanctions to be reinstated -
A brief memo on what this will mean over the next 6 months**

Background

In October 2015, the Joint Comprehensive Plan of Action ("JCPOA") was adopted by Iran, the European Union and the P5+1, in which Iran agreed to reduce its uranium stockpile and reduce its uranium enrichment activities. In return, Iran received relief from the US, the EU and the UN Security Council in relation to the nuclear-related economic sanction.

On 8 May 2018, the US announced its withdrawal from the JCPOA, which would result in the re-institution of sanctions against Iran.

Effect of US's exit from Iran deal: Re-imposition of sanctions

According to the US's National Security Presidential Memorandum issued on 8 May 2018, all of the sanctions lifted or waived pursuant to the JCPOA are all to be re-implemented by 4 November 2018. This will involve a 90-day (ending on 6 August 2018) and 180-day (ending on 4 November 2018) wind-down period for activities involving Iran that were permitted under the JCPOA, such as acquisition of US dollar banknotes by the Iranian Government and transactions with the Central Bank of Iran (please refer to the table in Appendix A for more details).

Additionally, the US will also:

1. revoke certain authorisations granted under the JCPOA;
2. re-instate sanctions against people removed from the List of Specially Designated Nationals and Blocked Persons (SDN List) in accordance with the JCPOA; and
3. revoke the general and specific licences granted by the Office of Foreign Assets Control in relation to authorising U.S. owned/controlled foreign entities and US individuals to engage in certain activities involving Iran.

Failure to take steps to comply with the sanctions after the wind-down period may risk exposure to enforcement action under US law.

Conclusion

US's exit from the Iran deal will have significant ramifications on the way that businesses are conducted.

APPENDIX A

Sanctions to be re-instated after 180-day period ending on 4 November 2018	Sanctions to be re-instated after 90-day period ending on 6 August 2018
Iran's port operators, and shipping and shipbuilding sectors, including on the Islamic Republic of Iran Shipping Lines (IRISL), South Shipping Line Iran, or their affiliates	Purchase or acquisition of U.S. dollar banknotes by the Government of Iran
Petroleum-related transactions with, among others, the National Iranian Oil Company (NIOC), Naftiran Intertrade Company (NICO), and National Iranian Tanker Company (NITC), including the purchase of petroleum, petroleum products, or petrochemical products from Iran	Iran's trade in gold or precious metals
Transactions by foreign financial institutions with the Central Bank of Iran and designated Iranian financial institutions under Section 1245 of the National Defense Authorization Act for Fiscal Year 2012 (NDAA)	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
Provision of specialized financial messaging services to the Central Bank of Iran and Iranian financial institutions described in Section 104(c)(2)(E)(ii) of the Comprehensive Iran Sanctions and Divestment Act of 2010 (CISADA)	Significant transactions related to the purchase or sale of Iranian rials, or the maintenance of significant funds or accounts outside the territory of Iran denominated in the Iranian rial
The provision of underwriting services, insurance, or reinsurance	Purchase, subscription to, or facilitation of the issuance of Iranian sovereign debt
Iran's energy sector	Iran's automotive sector

Campbell Johnston Clark
59 Mansell Street
London
E1 8AN
www.cjclaw.com