

United States Issues Wind-Down Authorizations for Iran-Related Transactions

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Consistent with President Trump's announcement on May 8, 2018 that the United States was going to withdraw from the Joint Comprehensive Plan of Action (JCPOA), on June 27, 2018, the US Department of the Treasury's Office of Foreign Assets Control (OFAC) revoked the Iran-related General Licenses issued pursuant to the JCPOA.

Consistent with that announcement, on June 27, 2018, the US Department of the Treasury's Office of Foreign Assets Control (OFAC) revoked Iran-related General License H, which authorized certain transactions relating to foreign entities owned or controlled by a United States person, and General License I, which authorized certain transactions related to the negotiation of, and entry into, contingent contracts for activities eligible for authorization under the JCPOA *Statement of Licensing Policy for Activities Related to the Export or Re-export to Iran of Commercial Passenger Aircraft and Related Parts and Services* (Aviation SLP). OFAC also issued two new "wind down" general licenses authorizing activities through August 6, 2018, that previously were authorized under General License I, and authorizing activities through November 4, 2018, that previously were authorized under General License H. In addition, OFAC narrowed the scope of general licenses authorizing the importation into the United States of, and dealings in, Iranian-origin carpets and food, and related payment to limit the authorized activities only to the wind down of these activities through August 6, 2018.

Wind Down of Transactions Involving Parties Owned or Controlled by US Persons under General License H

Entities owned or controlled by US persons established or maintained outside the United States may not knowingly engage in transactions involving Iran that are prohibited by US persons or in the United States.¹ General License H authorized non-US entities owned or controlled by US persons to engage in certain transactions involving Iran. Additionally, US persons were authorized to establish or alter policies and procedures to allow a US-owned or controlled foreign entity to engage in transactions with Iran, and make

¹ US persons are defined to include US citizens and permanent residents, wherever located; entities organized under US law, including foreign branches; and any person located in the United States.

available automated and globally integrated business support systems and platforms (including servers) to process information for Iran-related transactions.

On June 27, 2018, OFAC issued a wind-down general license that authorizes transactions ordinarily incident and necessary for the wind down of activities involving Iran that were previously authorized under General License H through November 4, 2018.² All goods, services, and payments required for transactions occurring under General License H or this wind-down general license must be completed by November 4, 2018. After November 4, 2018, US-owned or controlled foreign companies will generally be prohibited from engaging in most transactions involving Iran that are prohibited as to US persons.

Wind Down of Transactions Ordinarily Incident to Aviation-Related Contingent Contracts under General License I

General License I authorized US persons to enter into and to engage in transactions that are ordinarily incident to the negotiation of, and entry into, contingent contracts for activities eligible for authorization under the JCPOA Aviation SLP. As of May 8, 2018, OFAC stopped evaluating applications for specific licenses issued in connection with the JCPOA Aviation SLP.³

On June 27, 2018, OFAC issued a general license that authorizes activities ordinarily incident and necessary to the wind down of transactions involving Iran that were previously authorized under General License I through August 6, 2018.⁴

Wind Down of Transactions for Import into the United States of Iranian-Origin Food and Carpets⁵

On June 27, 2018, OFAC amended the general license in the Iranian Transactions and Sanctions Regulations (ITSR) authorizing the importation of, and dealings in, Iranian-origin foodstuffs and carpets to provide only for transactions ordinarily incident and necessary to wind down transactions involving Iranian-origin foodstuffs and carpets previously authorized under the general license until August 6, 2018.⁶

Companies looking to do business related to Iran should monitor future developments closely, and exercise caution to ensure compliance with all applicable sanctions.

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² This wind-down license will be available at 31 CFR 560.537. See OFAC FAQ 4.4 Regarding the Re-Imposition of Sanctions Pursuant to the May 8, 2018 National Security Presidential Memorandum Relating to the Joint Comprehensive Plan of Action (JCPOA), updated June 27, 2018.

³ Please see our past client alert regarding the JCPOA Aviation SLP [here](#).

⁴ This wind-down license will be available at 31 CFR 560.536. See OFAC FAQ 4.3 Regarding the Re-Imposition of Sanctions Pursuant to the May 8, 2018 National Security Presidential Memorandum Relating to the Joint Comprehensive Plan of Action (JCPOA), updated June 27, 2018.

⁵ OFAC FAQ 4.5 Regarding the Re-Imposition of Sanctions Pursuant to the May 8, 2018 National Security Presidential Memorandum Relating to the Joint Comprehensive Plan of Action (JCPOA), updated June 27, 2018.

⁶ OFAC additionally narrowed the corresponding general license related to letters of credit and brokering services relating to certain Iranian-origin foodstuffs and carpets accordingly. As a result, the general license only authorizes transactions ordinarily incident and necessary to wind-down transactions previously authorized under the general license until August 6, 2018. 31 CFR 560.534 and 31 CFR 560.535.