



U.S. Department of the Treasury
Office of Foreign Assets Control



IRAN

What You Need To Know About U.S. Economic Sanctions

An overview of O.F.A.C. Regulations involving Sanctions against Iran

This fact sheet provides general information about the Iranian sanctions programs under the Iranian Transactions Regulations, 31 C.F.R. Part 560, and the Iranian Assets Control Regulations, 31 C.F.R. Part 535. These sanctions are administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

Iranian Transactions Regulations - 31 C.F.R. Part 560

As a result of Iran's support for international terrorism and its aggressive actions against non-belligerent shipping in the Persian Gulf, President Reagan, on October 29, 1987, issued Executive Order 12613 imposing a new import embargo on Iranian-origin goods and services. Section 505 of the International Security and Development Cooperation Act of 1985 ("ISDCA") was utilized as the statutory authority for the embargo, which gave rise to the Iranian Transactions Regulations, Title 31, Part 560 of the U.S. Code of Federal Regulations (the "ITR").

Effective March 16, 1995, as a result of Iranian support of international terrorism and Iran's active pursuit of weapons of mass destruction, President Clinton issued Executive Order 12957 prohibiting U.S. involvement with petroleum development in Iran. On May 6, 1995, he signed Executive Order 12959, pursuant to the International Emergency Economic Powers Act ("IEEPA") as well as the ISDCA, substantially tightening sanctions against Iran.

On August 19, 1997, the President signed Executive Order 13059 clarifying Executive Orders 12957 and 12959 and confirming that virtually all trade and investment activities with Iran by U.S. persons, wherever located, are prohibited.

Effective November 10, 2008, the authorization for "U-turn" transfers involving Iran was revoked. As of that date, U.S. depository institutions are no longer authorized to process transfers involving Iran that originate and end with non-Iranian foreign banks. Details concerning the revocation of the U-turn authorization and a description of currently permissible funds transfers can be found in the Financial Dealings with Iran section of this document.

Effective September 29, 2010, the authorization to import into the United States, and deal in, certain foodstuffs and carpets of Iranian origin was revoked pursuant to section 103 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010. The exceptions to the prohibition on importing goods and services are listed in the **IMPORTS FROM IRAN** section of this document.

Criminal penalties for violations of the Iranian Transactions Regulations may result in a fine up to \$1,000,000, and natural persons may be imprisoned for up to 20 years. Civil penalties, which are not to exceed the greater of \$250,000 or an amount that is twice the amount

of the transaction that is the basis of the violation with respect to which the penalty is imposed may also be imposed administratively.

OFAC will provide additional guidance on the implementation of sections 104 and 105 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 soon.

• **IMPORTS FROM IRAN** - Goods or services of Iranian origin may not be imported into the United States, either directly or through third countries, with the following exceptions:

- a) Gifts valued at \$100 or less;
- b) Information and informational materials;
- c) Household and personal effects, of persons arriving in the United States, that were actually used abroad by the importer or by other family members arriving from the same foreign household, that are not intended for any other person or for sale, and that are not otherwise prohibited from importation; and
- d) Accompanied baggage for personal use normally incident to travel.

U.S. persons are prohibited from providing financing for prohibited import transactions. There are restrictions on letter of credit transactions involving the Government of Iran (see **FINANCIAL DEALINGS WITH IRAN** below).

• **EXPORTS TO IRAN** - In general, unless licensed by OFAC, goods, technology, or services may not be exported, reexported, sold or supplied, directly or indirectly, from the United States or by a U.S. person, wherever located, to Iran or the Government of Iran. The ban on providing services includes any brokering function from the United States or by U.S. persons, wherever located. For example, a U.S. person, wherever located, or any person acting within the United States, may not broker offshore transactions that benefit Iran or the Government of Iran, including sales of foreign goods or arranging for third-country financing or guarantees.

In general, a person may not export from the U.S. any goods, technology or services, if that person knows or has reason to know such items are intended specifically for supply, transshipment or reexportation to Iran. Further, such exportation is prohibited if the exporter knows or has reason to know the U.S. items 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 predominately to Iran or the Government of Iran. A narrow exception is

created for the exportation from the United States or by U.S. persons wherever located of low-level goods or technology to third countries for incorporation or substantial transformation into foreign-made end products, provided the U.S. content is insubstantial, as defined in the regulations, and certain other conditions are met.

Donations of articles intended to relieve human suffering (such as food, clothing, and medicine), gifts valued at \$100 or less, licensed exports of agricultural commodities, medicine, and medical devices, and trade in "information and informational materials" are permitted. "Information and informational materials" are defined to include publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds, although certain Commerce Department restrictions still apply to some of those materials. To be considered informational material, artworks must be classified under chapter subheadings 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

With certain exceptions, foreign persons who are not U.S. persons are prohibited from reexporting sensitive U.S.-origin goods, technology or services to Iran or the Government of Iran. Foreign persons involved in such reexports may be placed on the U.S. Commerce Department's "Export Denial Orders" list.

U.S. persons may not approve, finance, facilitate or guarantee any transaction by a foreign person where that transaction by a foreign person would be prohibited if performed by a U.S. person or from the United States.

• **DEALING IN IRANIAN-ORIGIN GOODS OR SERVICES - U.S.** persons, including foreign branches of U.S. depository institutions and trading companies, are prohibited from engaging in any transactions, including purchase, sale, transportation, swap, financing, or brokering transactions related to goods or services of Iranian origin or goods or services owned or controlled by the Government of Iran.

Services provided in the United States by an Iranian national already resident in the United States are not considered services of Iranian origin.

These prohibitions apply to transactions by United States persons in locations outside the United States with respect to goods or services which are of Iranian origin or are owned or controlled by the Government of Iran. U.S. persons may not import such goods or services into or export them from foreign locations. A U.S. person may, however, engage in transactions in third countries necessary to sell, dispose of, store, or maintain goods located in a third country which were legally acquired by that U.S. person prior to May 7, 1995 on the condition that the transactions do not result in an importation into the United States of goods of Iranian origin.

• **FINANCIAL DEALINGS WITH IRAN -** New investments by U.S. persons, including commitments of funds or other assets, loans or any other extensions of credit, in Iran or in property (including entities) owned or controlled by the Government of Iran are prohibited. For your information, Appendix A contains a list of banks or entities owned or controlled by the Government of Iran. While U.S. persons may continue to charge fees and accrue interest on existing Iranian loans, a specific license must be obtained to reschedule or otherwise extend the maturities of existing loans.

Payments for licensed sales of agricultural commodities, medicine and medical devices must reference an appropriate OFAC license and may not involve a debit or credit to an account of a person in Iran or the Government of Iran maintained on the books of either a U.S. depository institution or a U.S. registered broker or dealer in securities. Payments for and financing of such licensed sales may be accomplished by cash in advance, sales on open account (provided the account receivable is not transferred by the person extending the credit), or by third-country financial institutions that are neither U.S. persons nor government of Iran entities. Any other arrangements must be specifically authorized by OFAC. U.S. depository institutions may advise and confirm letters of credit issued by third-country banks covering licensed sales of agricultural commodities, medicine and medical devices.

Effective November 10, 2008, the authorization for "U-turn" transfers involving Iran was revoked. As of that date, U.S. depository institutions are no longer authorized to process such transfers, thereby precluding transfers designed to dollarize transactions through the U.S. financial system for the direct or indirect benefit of Iranian banks or other persons in Iran or the Government of Iran. However, U.S. depository institutions are permitted to handle funds transfers, through intermediary third-country banks, to or from Iran or for the direct or indirect benefit of the Government of Iran or a person in Iran, arising from several types of underlying transactions, including:

- a) a noncommercial family remittance;
- b) an exportation to Iran or importation from Iran of information and informational materials;
- c) a travel-related remittance;
- d) a payment for the shipment of a donation of articles to relieve human suffering; or
- e) a transaction authorized by OFAC through a specific or general license.

While the Iranian Transactions Regulations do not contain any blocking provisions, several Iranian banks have been separately designated under the Nonproliferation of Weapons of Mass Destruction ("NPWMD") or Specially Designated Global Terrorist ("SDGT") programs for their involvement in the financing of either WMD or ballistic missile proliferation or of terrorism, respectively. Such banks' property and interests in property that are in the United States or in the possession or control of U.S. persons, wherever located, are blocked. U.S. persons are prohibited from engaging in any transaction or dealing in property or interests in property of these designated Iranian banks. Please see the brochures on Nonproliferation and Terrorism for further information on these programs.

• **"PRE-ZERO CONTRACTS"** - Letters of credit and other financing arrangements with respect to trade contracts in force as of May 6, 1995, may be performed pursuant to their terms provided that the underlying trade transaction was completed prior to June 6, 1995 (February 2, 1996 for "agricultural commodities"), or as specifically licensed by OFAC. Standby letters of credit that serve as performance guarantees for services to be rendered after June 6, 1995, cannot be renewed and payment may not be made after that date without authorization by OFAC.

• **OTHER BANKING SERVICES -** U.S. depository institutions, including foreign branches, are prohibited from servicing accounts of the Government of Iran, including banks owned or controlled by the Government of Iran (as in Appendix A) or persons in Iran. However, they are authorized to pay interest, deduct reasonable and customary service charges, process transfers related to exempt transactions, such as the exportation of information or informational material, a travel-related remittance, or a payment for the shipment of a donation of articles to relieve human suffering or, at the request of an account holder, effect a lump sum closure of an account by payment to its owner. They may not otherwise directly credit or debit Iranian accounts.

U.S. depository institutions and U.S. registered brokers or dealers in securities initiating or receiving payment orders involving Iran on behalf of customers must determine prior to processing such payments that they do not involve transactions prohibited by the Iranian Transactions Regulations.

• **TRAVEL -** All transactions ordinarily incident to travel to or from Iran, including the importation of accompanied baggage for personal use, payment of maintenance and living expenses and acquisition of goods or services for personal use are permitted.

• **INTERNATIONAL ORGANIZATIONS -** Under a general license issued by OFAC, effective August 22, 2006, U.S. persons that are employees or contractors for the following international organizations - the United Nations, the World Bank, the International Monetary Fund, the International Atomic Energy Agency, the International Labor Organization or the World Health Organization - are authorized to

NPC INTERNATIONAL LIMITED (a.k.a. N P C INTERNATIONAL LTD; a.k.a. NPC INTERNATIONAL COMPANY), 5th Floor NIOC House, 4 Victoria Street, London SW1H 0NE, United Kingdom; UK Company Number 02696754 (United Kingdom); all offices worldwide [IRAN]
ONERBANK ZAO (a.k.a. EFTEKHAR BANK; a.k.a. HONOR BANK; a.k.a. HONORBANK; a.k.a. HONORBANK ZAO; a.k.a. ONER BANK; a.k.a. ONERBANK; a.k.a. ONER-BANK), Ulitsa Klyar Tsetkin 51, Minsk 220004, Belarus; Registration ID 807000227 (Belarus) issued 16 Oct 2009; SWIFT/BIC HNRBBY2X (Belarus); all offices worldwide [IRAN]
P.C.C. (SINGAPORE) PRIVATE LIMITED (a.k.a. P.C.C. SINGAPORE BRANCH; a.k.a. PCC SINGAPORE PTE LTD), 78 Shenton Way, #08-02 079120, Singapore; 78 Shenton Way, 26-02A Lippo Centre 079120, Singapore; Registration ID 199708410K (Singapore); all offices worldwide [IRAN]
PETROCHEMICAL COMMERCIAL COMPANY (U.K.) LIMITED (a.k.a. PCC (UK); a.k.a. PCC UK; a.k.a. PCC UK LTD), 4 Victoria Street, London SW1H 0NE, United Kingdom; UK Company Number 02647333 (United Kingdom); all offices worldwide [IRAN]
PETROCHEMICAL COMMERCIAL COMPANY FZE (a.k.a. PCC FZE), 1703, 17th Floor, Dubai World Trade Center Tower, Sheikh Zayed Road, Dubai, United Arab Emirates; Office No. 99-A, Maker Tower "F" 9th Floor Cutte Pavade, Colabe, Bumbai 700005, India; all offices worldwide [IRAN]
PETROCHEMICAL COMMERCIAL COMPANY INTERNATIONAL LIMITED (a.k.a. PETROCHEMICAL COMMERCIAL COMPANY INTERNATIONAL LTD; a.k.a. PETROCHEMICAL TRADING COMPANY LIMITED; a.k.a. "PCCI"), P.O. Box 261539, Jebel Ali, Dubai, United Arab Emirates; 41, 1st Floor, International House, The Parade, St. Helier JE2 3QQ, Jersey; Ave. 54, Yimpash Business Center, No. 506, 507, Ashkhabad 744036, Turkmenistan; No. 21 End of 9th St, Gandhi Ave, Tehran, Iran; 21, Africa Boulevard, Tehran, Iran; Registration ID 77283 (Jersey); all offices worldwide [IRAN]
PETROIRAN DEVELOPMENT COMPANY (PEDCO) LIMITED (a.k.a. PETRO IRAN DEVELOPMENT COMPANY; a.k.a. "PEDCO"), National Iranian Oil Company - PEDCO, P.O. Box 2965, Al Bathaa Tower, 9th Floor, Apt. 905, Al Buhaira Corniche, Sharjah, United Arab Emirates; P.O. Box 15875-6731, Tehran, Iran; 41, 1st Floor, International House, The Parade, St. Helier JE2 3QQ, Jersey; No. 22, 7th Lane, Khalid Eslamboli Street, Shahid Beheshti Avenue, Tehran, Iran; No. 102, Next to Shahid Amir Soheil Tabrizian Alley, Shahid Dastgerdi (Ex Zafar) Street, Shariati Street, Tehran 19199/45111, Iran; Kish Harbour, Bazargan Ferdos Warehouses, Kish Island, Iran; Registration ID 67493 (Jersey); all offices worldwide [IRAN]
PETROPARS INTERNATIONAL FZE (a.k.a. PPI FZE), P.O. Box 72146, Dubai, United Arab Emirates; all offices worldwide [IRAN]
PETROPARS LTD. (a.k.a. PETROPARS LIMITED; a.k.a. "PPL"), Calle La Guairita, Centro Profesional Eurobuilding, Piso 8, Oficina 8E, Chuao, Caracas 1060, Venezuela; No. 35, Farhang Blvd., Saadat Abad, Tehran, Iran; P.O. Box 3136, Road Town, Tortola, Virgin Islands, British; all offices worldwide [IRAN]
PETROPARS UK LIMITED, 47 Queen Anne Street, London W1G 9JG, United Kingdom; UK Company Number 03503060 (United Kingdom); all offices worldwide [IRAN]
SINA BANK (f.k.a. BFCC; f.k.a. BONYAD FINANCE AND CREDIT COMPANY; f.k.a. SINA FINANCE AND CREDIT COMPANY), 187 Motahhari Avenue, P.O. Box 1587998477, Tehran, Iran, Iran; Kish Financial Center, Kish Island, Iran; SWIFT/BIC SINAIRTH (Iran); alt. SWIFT/BIC SINAIRTH418 (Iran); all offices worldwide [IRAN]
WEST SUN TRADE GMBH (a.k.a. WEST SUN TRADE), Winterhuder Weg 8, Hamburg 22085, Germany; Arak Machine Mfg. Bldg., 2nd Floor, opp. of College Economy, Northern Kargar Ave., Tehran 14136, Iran; Mundsburger Damm 16, Hamburg 22087, Germany; Registration ID HRB 45757 (Germany); all offices worldwide [IRAN]

Iranian Assets Control Regulations - 31 C.F.R Part 535

Separate Iranian sanctions regulations appear at 31 C.F.R. Part 535. On November 14, 1979, the assets of the Government of Iran in the United States were blocked in accordance with IEEPA following the seizure of the American Embassy in Teheran and the taking of U.S. diplomats as hostages. Under the Iranian Assets Control Regulations (Title 31, Part 535 of the U.S. Code of Federal Regulations), some US\$12 billion in Iranian Government bank deposits, gold, and other properties were frozen, including \$5.6 billion in deposits and securities held by overseas branches of U.S. banks. The assets freeze was eventually expanded to a full trade embargo, which remained in effect until the Algiers Accords were signed with Iran on January 19, 1981. Pursuant to the Accords, most Iranian assets in the United States were unblocked and the trade embargo was lifted. The U.S. Government also canceled any attachments that U.S. parties had secured against Iranian assets in the United States, so that the assets could be returned to Iran or transferred to escrow accounts in third countries pursuant to the Accords. This action was upheld by the Supreme Court in 1981 in *Dames & Moore v. Regan*. Although greatly modified in scope, the old Iranian Assets Control Regulations remain in effect. Many U.S. nationals have claims against Iran or Iranian entities for products shipped or services rendered before the onset of the 1979 embargo or for losses sustained in Iran due to expropriation during that time. These claims are still being litigated in the Iran-United States Claims Tribunal at The Hague established under the Algiers Accords. Certain assets related to these claims remain blocked in the United States and consist mainly of military and dual-use property.

This document is explanatory only and does not have the force of law. The Executive Orders and implementing regulations dealing with Iran contain the legally binding provisions governing the sanctions. This document does not supplement or modify those Executive Orders or regulations.

The Treasury Department's Office of Foreign Assets Control also administers sanctions programs involving the Balkans, Burma (Myanmar), Cuba, Diamond Trading, Iran, Iraq, Lebanon, Liberia, North Korea, Somalia, Sudan, Syria, Zimbabwe as well as highly enriched uranium, designated Terrorists and international Narcotics Traffickers, Foreign Terrorist Organizations and designated foreign persons who have engaged in activities relating to the proliferation of weapons of mass destruction. For additional information about these programs or about sanctions involving Iran, please contact the:

OFFICE OF FOREIGN ASSETS CONTROL
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W. - Annex
Washington, D.C. 20220
<http://www.treas.gov/ofac>
202/622-2490