

Fried Frank International Trade and Investment *Alert*TM

U.S. Imposes New Sanctions on Iran's Financial Sector

On October 8, 2020, the U.S. Department of the Treasury's Office of the Foreign Assets Control (OFAC) [imposed sanctions](#) on the Iranian financial sector, authorized under Executive Order 13902 of January 14, 2020. Under the new measures, OFAC added 18 major Iranian banks to the List of Specially Designated Nationals and Blocked Persons. These new sanctions will have minimal effect on U.S. businesses, which are already broadly prohibited from dealing with Iran. However, the Iranian financial sector will now generally be subject to secondary sanctions, which target non-U.S. businesses dealing with the sanctioned entities. These additional sanctions are intended to further pressure Iranian leadership by cutting off Iran's remaining connections to the global financial system.

If any foreign financial institution knowingly conducts or facilitates any significant transaction related to the designated Iranian banks, it may be barred from opening any correspondent or payable-through accounts in the United States. However, OFAC provides for a 45-day wind-down period for previously non-sanctionable activity. OFAC also issued General License L, extending any pre-existing authorizations, exemptions, and licenses under the Iranian Transactions and Sanctions Regulations (ITSR) to the newly blocked financial institutions. As in the past, the sanctions do not apply to transactions related to agricultural commodities, food, medicine, and medical devices.

According to Treasury Secretary Steven Mnuchin, the sanctions are intended to "stop illicit access to U.S. dollars." He [states](#) that U.S. sanctions "will continue until Iran stops its support of terrorist activities and ends its nuclear programs."

U.S. companies and financial institutions should thoroughly review their engagements with U.S. and non-U.S. businesses that may be involved with Iran. Non-U.S. businesses in the affected sectors should ensure compliance with U.S. sanctions regimes to avoid facing serious repercussions and losing access to the U.S. financial system. If you have any questions regarding the Iran sanctions program or how it may affect your business, please reach out to the contacts listed below.

* * *

Authors:

Michael T. Gershberg

Avani Uppalapati

This alert is not intended to provide legal advice, and no legal or business decision should be based on its content. If you have any questions about the contents of this alert, please call your regular Fried Frank contact or the attorneys listed below:

Contacts:

Washington, D.C.

Michael T. Gershberg +1.202.639.7085 michael.gershberg@friedfrank.com

London

Dr. Tobias Caspary +44.20.7972.9618 tobias.caspary@friedfrank.com

Fried Frank's [International Trade and Investment Group](#) regularly represents clients in international mergers and acquisitions, joint ventures, principal investments, and sensitive corporate investigations, particularly in relation to matters that implicate the U.S. government's regulation of international business activities, such as the Committee on Foreign Investment in the United States (CFIUS), economic sanctions, export controls, and anti-corruption and anti-bribery.

For decades, our international trade and investment practitioners have been consistently recognized for their legal and policy-based contributions. Today, our practice is unique among its kind: it draws upon the Firm's long tradition of senior U.S. government and diplomatic service, combines policy insight with deep technical expertise and business judgment, is fully integrated with Fried Frank's preeminent Corporate and Litigation Practices, and is international in its outlook, experience, network reach and reputation.

A Delaware Limited Liability Partnership

Fried Frank International Trade and Investment Alert™ is published by the International Trade and Investment Practice Group of Fried, Frank, Harris, Shriver & Jacobson LLP.

Fried Frank International Trade and Investment Alert™ is provided free of charge to subscribers. If you would like to subscribe to this E-mail service, please send an E-mail message to CRMTeam@friedfrank.com and include your name, title, organization or company, mail address, telephone and fax numbers, and E-mail address.

To unsubscribe from all Fried Frank E-mail Alerts and electronic mailings, send a blank E-mail to unsubscribe@friedfrank.com.