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## **Frequently Asked Questions Relating to the Continuation of Certain Temporary Sanctions Relief Pursuant to the JPOA Prior to Implementation of the JCPOA**

On July 14, 2015, the United States and its partners in the P5 + 1 (China, France, Germany, Russia, and the United Kingdom, coordinated by the European Union's High Representative) reached a Joint Comprehensive Plan of Action (JCPOA) with Iran that will verifiably prevent Iran from acquiring a nuclear weapon and ensure that Iran's nuclear program will be exclusively peaceful. Under the JCPOA, Iran will receive phased sanctions relief once the International Atomic Energy Agency (IAEA) verifies that Iran has implemented key nuclear-related commitments described in the JCPOA. The date on which sanctions relief under the JCPOA will commence is referred to hereinafter as "Implementation Day." Prior to Implementation Day, the U.S. Government (USG) will issue guidance related to the implementation of the sanctions relief provided for under the JCPOA.

The P5+1 and Iran also decided on July 14, 2015 to further extend through Implementation Day the nuclear commitments and sanctions relief provided for in the Joint Plan of Action (JPOA). The period from January 20, 2014 through Implementation Day is referred to hereinafter as the "JPOA Relief Period." The USG retains the authority to revoke this limited sanctions relief at any time if Iran fails to meet its commitments under the JPOA.

### **1. Q. Will sanctions relief be provided to Iran after the announcement of the JCPOA?**

Prior to Implementation Day, the only sanctions relief available is the JPOA relief, which was initially provided in January 2014 and has now been extended through Implementation Day. The sanctions relief described in the JCPOA will commence only after the IAEA verifies that Iran has implemented key nuclear-related commitments.

### **2. Q: What types of sanctions relief will be provided to Iran between the announcement of the JCPOA and Implementation Day?**

On July 14, 2015, the USG committed to continue the sanctions relief provided for under the JPOA through Implementation Day. To implement this relief, the USG will continue to temporarily suspend certain sanctions involving Iran's purchase and sale of gold and other precious metals, Iran's export of petrochemical products, Iran's automotive industry, and certain associated services<sup>1</sup> regarding each of the foregoing. The USG will also continue to coordinate with Iran regarding the use of financial channels established in furtherance of the JPOA to facilitate Iran's import of certain humanitarian goods to Iran, payment of medical expenses incurred by Iranians abroad, payments of Iran's UN obligations, and payments of \$400 million in governmental tuition assistance for Iranian students studying abroad. The USG will also continue its favorable licensing policy in connection with transactions related to the safety of

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<sup>1</sup> The term "associated service" means any necessary service – including any insurance, transportation or financial service – ordinarily incident to the underlying activity for which sanctions relief has been provided pursuant to the JPOA, except in the case of Iran's exports of crude oil, for which the JPOA only references associated insurance and transportation services. Unless otherwise noted, such services may not involve persons identified on the U.S. Treasury Department's Office of Foreign Assets Control's List of Specially Designated Nationals and Blocked Persons.

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Iran's civil aviation industry. Finally, the USG will continue to pause efforts to further reduce Iran's crude oil exports and will enable Iran to access an agreed amount of Restricted Funds<sup>2</sup> in installments. Unless otherwise noted, these relief measures do not include transactions with persons on the U.S. Treasury Department's Office of Foreign Assets Control's (OFAC) List of Specially Designated Nationals and Blocked Persons (the SDN List) (<http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>).

*The USG will continue to vigorously enforce our sanctions against Iran that are not subject to the limited relief provided pursuant to the JPOA, including by taking action against those who seek to evade or circumvent our sanctions.*

### **3. Q: How do the JCPOA and the extension of JPOA relief impact U.S. sanctions on Iran?**

Except for the limited relief provided pursuant to the JPOA, all U.S. sanctions with respect to Iran, including financial sanctions, sanctions pertaining to the purchase of Iranian crude oil, and sanctions on investment in Iran's energy and petrochemical sectors, remain in effect with respect to U.S. and non-U.S. persons until Implementation Day. Prior to Implementation Day, the USG will provide additional guidance regarding the phased sanctions relief to be provided under the JCPOA.

With certain limited exceptions, the relief provided in the JPOA only pertains to conduct and transactions fully completed during the JPOA Relief Period and involves only certain sanctions on non-U.S. persons not otherwise subject to section 560.215 of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR) (hereinafter "non-U.S. persons not otherwise subject to the ITSR"), as described in more detail in these FAQs.<sup>3</sup> U.S. persons and U.S.-owned or -controlled foreign entities continue to be generally prohibited from conducting transactions with Iran, including any transactions of the types permitted pursuant to the JPOA, unless licensed to do so by OFAC.

For additional details regarding the steps taken by the USG to implement the temporary sanctions relief with respect to Iran pursuant to the JPOA, see the August 7, 2015 Guidance Relating to the Provision of Certain Temporary Sanctions Relief

([http://www.treasury.gov/resource-center/sanctions/Programs/Documents/guidance\\_ext\\_20150807.pdf](http://www.treasury.gov/resource-center/sanctions/Programs/Documents/guidance_ext_20150807.pdf)).

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<sup>2</sup> The term "Restricted Funds" refers to: (i) any existing and future revenues from the sale of Iranian petroleum or petroleum products, wherever they may be held, and (ii) any Central Bank of Iran (CBI) funds, with certain exceptions for non-petroleum CBI funds held at a foreign country's central bank. See Questions 7 and 9 for a more detailed discussion of Restricted Funds.

<sup>3</sup> Consistent with section 218 of the Iran Threat Reduction and Syria Human Rights Act of 2012 and with 31 C.F.R. section 560.215, foreign entities that are owned or controlled by U.S. persons (U.S.-owned or -controlled foreign entities) are subject to the ITSR [<http://www.treasury.gov/resource-center/faqs/Sanctions/Pages/answer.aspx#238>].

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**4. Q: Are U.S. persons able to engage in any of the transactions with Iran outlined in the JPOA prior to Implementation Day?**

U.S. persons and U.S.-owned or -controlled foreign entities will continue to be generally prohibited from conducting transactions with Iran, including any transactions of the types permitted pursuant to the JPOA, unless licensed to do so by OFAC. This prohibition includes any associated services undertaken in conjunction with activities outlined in the JPOA. Except under limited circumstances such as for humanitarian transactions, the USG has a policy of not authorizing business with Iran. For additional information regarding the licensing of transactions related to the safety of flight for Iranian civil aviation see Question 10 below. U.S. persons and U.S.-owned or -controlled foreign entities may continue to engage in generally or specifically licensed humanitarian-related transactions.

**5. Q: The JPOA provided that U.S. sanctions on Iran's petrochemical exports, as well as sanctions on associated services, would be suspended. What does the JPOA suspension entail and which petrochemicals are covered?**

During the JPOA Relief Period, the USG will continue to suspend certain sanctions on purchases by non-U.S. persons not otherwise subject to the ITSR of petrochemical products exported from Iran as well as associated services that are required to facilitate such transactions. As part of this relief, such transactions exclusively for the export of Iran's petrochemicals may involve Iranian depository institutions<sup>4</sup> listed solely pursuant to E.O. 13599 and certain other specified Iranian entities on the SDN List (see Question 6 below for a list of these petrochemical companies). Non-U.S. persons not otherwise subject to the ITSR may undertake these specific activities only during the JPOA Relief Period without exposure to U.S. sanctions, subject to certain conditions explained in the August 7, 2015 version of the Guidance Relating to the Continuation of Certain Temporary Sanctions Relief ([http://www.treasury.gov/resource-center/sanctions/Programs/Documents/guidance\\_ext\\_20150807.pdf](http://www.treasury.gov/resource-center/sanctions/Programs/Documents/guidance_ext_20150807.pdf)). The relief provided in the JPOA with respect to Iran's exports of petrochemical products will continue through Implementation Day. Any transactions, payments, deliveries, or associated services provided in connection with such exports that occur after Implementation Day must conform with U.S. sanctions in place at the time such transactions, payments, deliveries, or associated services take place. For additional information regarding associated insurance services, see Question 14.

Petrochemical products from Iran are defined in E.O. 13622 to include any aromatic, olefin, and synthesis gas, and any of their derivatives, including ethylene, propylene, butadiene, benzene, toluene, xylene, ammonia, methanol, and urea. Examples of such products include: butene, ethylhexanol, acetic acid, acrylonitrile butadiene styrene, alachlor, ammonium nitrate, ammonium sulfate, anhydrous ammonia, argon, butachlor, C2+, C3+, C4 cut, chlorinated

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<sup>4</sup> For purposes of these FAQs, as defined in section 14(g) of Executive Order 13645, the term "Iranian depository institution" means any entity (including foreign branches), wherever located, organized under the laws of Iran or any jurisdiction within Iran, or owned or controlled by the Government of Iran, or in Iran, or owned or controlled by any of the foregoing, that is engaged primarily in the business of banking (for example, banks, savings banks, savings associations, credit unions, trust companies, and bank holding companies).

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paraffin, chlorine, chloracetyl chloride, citric acid, diammonium phosphate, diethanolamine, ethylene glycol, diethylene glycol, dioctyl phthalate, dodecyl benzene, ethane, ethoxylates, ethylbenzene, ethylene dichloride, ethylene glycol, ethylene oxide, heavy alkyl benzene, high density polyethylene, hydrochloric acid, isoprene, linear alkyl benzene, linear low density polyethylene, low density polyethylene, melamine, methyl tertiary butyl ether, methylene diphenyl diisocyanate, mid density polyethylene, monoethanolamine, monoethylene glycol, nitric acid, nitrogen, orthoxylene, paraxylene, pentene, perchlorine, phosphoric acid, phthalic anhydride, polybutadiene, polyethylene terephthalate, polypropylene, polystyrene, polyvinyl chloride, propylene, purified terephthalic acid, pyrolysis gasoline, raffinate, soda ash, sodium bicarbonate, sodium carbonate, sodium chloride, sodium hydroxide, sodium hypochlorite, styrene, styrene acrylonitrile copolymer, sulfur, sulfuric acid, styrene butadiene, toluene diisocyanate, triethanolamine, triethylene glycol, and vinyl chloride monomer.<sup>5</sup>

This list, however, is not exhaustive. The term “petrochemical products” does not include finished products derived from these substances, such as pipes, plastic bags, tires, and solvents; it also does not include bitumen, condensates, and other substances considered “petroleum products” under E.O. 13622.<sup>6</sup>

All other sanctions on transactions with respect to Iran’s petrochemical industry, including the provision of certain goods and services described in E.O. 13590, remain in place.

For additional information regarding associated insurance services, see Question 14.

**6. Q: Does the petrochemical sanctions relief during the JPOA Relief Period cover dealings with any SDNs?**

As noted above, the USG will temporarily suspend during the JPOA Relief Period certain sanctions on Iran’s exports of petrochemical products as well as associated services that are required to facilitate such transactions. Such transactions may not involve persons on the SDN List, other than Iranian depository institutions listed solely pursuant to E.O. 13599 and the fourteen specified Iranian entities listed below. These fourteen entities may only participate in transactions that are exclusively for the export of petrochemical products from Iran.

- Bandar Imam Petrochemical Company
- Bou Ali Sina Petrochemical Company
- Ghaed Bassir Petrochemical Products Company

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<sup>5</sup> See the Department of State’s November 13, 2012, publication in the Federal Register providing an illustrative list of petrochemical products [77 FR 67726, November 13, 2012].

<sup>6</sup> E.O. 13622 defines “petroleum products” to include unfinished oils, liquefied petroleum gases, pentanes plus, aviation gasoline, motor gasoline, naphtha-type jet fuel, kerosene-type jet fuel, kerosene, distillate fuel oil, residual fuel oil, petrochemical feedstocks, special naphthas, lubricants, waxes, petroleum coke, asphalt, road oil, still gas, and miscellaneous products obtained from the processing of: crude oil (including lease condensate), natural gas, and other hydrocarbon compounds. The term does not include natural gas, liquefied natural gas, biofuels, methanol, and other non-petroleum fuels.

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- Iran Petrochemical Commercial Company
- Jam Petrochemical Company
- Marjan Petrochemical Company
- Mobin Petrochemical Company
- National Petrochemical Company
- Nouri Petrochemical Company
- Pars Petrochemical Company
- Sadaf Petrochemical Assaluyeh Company
- Shahid Tondgooyan Petrochemical Company
- Shazand Petrochemical Company
- Tabriz Petrochemical Company

Any transaction with these SDNs not for the export of petrochemical products from Iran or associated services that are required to facilitate such transactions will remain sanctionable.

For additional information regarding associated insurance services, see Question 14.

**7. Q: The JPOA provided that U.S. sanctions related to gold and other precious metals would be suspended. What does the suspension entail?**

During the JPOA Relief Period, the USG will continue to suspend sanctions on the sale to and purchase from Iran of gold and other precious metals<sup>7</sup> by non-U.S. persons not otherwise subject to the ITSR, as well as associated services that are required to facilitate such transactions. Such transactions may not involve persons on the SDN List, other than Iranian depository institutions listed solely pursuant to E.O. 13599 or any political subdivision, agency, or instrumentality of the Government of Iran listed solely pursuant to E.O. 13599.

Notwithstanding the foregoing, Restricted Funds may not be used to purchase gold or other precious metals, even if the transaction would otherwise be considered qualifying bilateral trade (see [http://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq\\_iran.aspx#258](http://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_iran.aspx#258) for additional information regarding qualifying bilateral trade).

For additional information regarding associated insurance services, see Question 14.

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<sup>7</sup> For purposes of this sanctions relief, “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; 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.

**8. Q: The JPOA provided that U.S. sanctions related to Iran’s automotive industry would be suspended. What does the suspension entail?**

During the JPOA Relief Period, the USG will continue to suspend sanctions on the sale, supply, or transfer to Iran of goods (including complete knock-down kits, or CKDs) and services (including shipping, warranty, insurance, and maintenance services) used in connection with the automotive sector<sup>8</sup> by non-U.S. persons not otherwise subject to the ITSR, as well as associated services that are required to facilitate such transactions. Such transactions may not involve any person on the SDN List, other than Iranian depository institutions listed solely pursuant to E.O. 13599.

For additional information regarding associated insurance services, see Question 14.

**9. Q: What does the channel to facilitate humanitarian-related transactions do?**

Transactions for the sale of food, agricultural commodities, medicine, and medical devices to Iran by non-U.S. persons not otherwise subject to the ITSR are not generally sanctionable, so long as such transactions do not involve persons designated in connection with Iran’s proliferation of weapons of mass destruction (WMD) or WMD delivery systems, or Iran’s support for international terrorism. For prior OFAC guidance on the sale of certain humanitarian-related goods to Iran, see [http://www.treasury.gov/resource-center/sanctions/Programs/Documents/hum\\_exp\\_iran.pdf](http://www.treasury.gov/resource-center/sanctions/Programs/Documents/hum_exp_iran.pdf) and [http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran\\_guidance\\_med.pdf](http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran_guidance_med.pdf).

In furtherance of the JPOA, the P5 + 1 and Iran established a mechanism to further facilitate the purchase of, and payment for, the export of food, agricultural commodities, medicine, and medical devices to Iran, as well as medical expenses incurred abroad by Iranians. The mechanism will remain in place during the JPOA Relief Period. FFIs whose involvement was sought by Iran in hosting this new mechanism have been contacted directly by the USG and provided specific guidance. Companies interested in using this financial mechanism should coordinate with their Iranian counterparties. That transactions for the export of food, agricultural commodities, medicine, and medical devices to Iran are not required to be processed through this new mechanism.

**10. Q: The JPOA provided that the U.S. would license (i) the supply and installation in Iran of spare parts for safety of flight for Iranian civil aviation and associated services and (ii) safety related inspections and repairs in Iran as well as associated services. What does this entail and will it continue until Implementation Day?**

OFAC is issuing a *Third Amended Statement of Licensing Policy on Activities Related to the Safety of Iran’s Civil Aviation Industry* (Third Amended SLP) ([http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran\\_guidance\\_med.pdf](http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran_guidance_med.pdf))

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<sup>8</sup> E.O. 13645 defines the term “automotive sector of Iran” to mean the manufacturing or assembling in Iran of light and heavy vehicles including passenger cars, trucks, buses, minibuses, pick-up trucks, and motorcycles, as well as original equipment manufacturing and after-market parts manufacturing relating to such vehicles.

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[center/sanctions/Programs/Documents/3rd\\_amended\\_jpoa\\_lic.pdf](#)) that extends the previously-issued statements of licensing policy through Implementation Day. The Third Amended SLP explains how OFAC intends to license the supply and installation of spare parts to ensure the safe operation of Iranian commercial passenger aircraft (including transactions with Iran Air) and associated services and safety related inspections and repairs. U.S. persons, U.S.-owned or -controlled foreign entities, and persons involved in the export of U.S.-origin goods that are interested in providing such parts and services should review the Third Amended SLP to determine if their contemplated transaction is consistent with its provisions and, if so, apply for a specific license from OFAC. In addition, sanctions on the conduct of activities of a type covered by the Third Amended SLP by non-U.S. persons not otherwise subject to the ITSR have been temporarily suspended.

Applicants for specific licenses pursuant to the Third Amended SLP will be required to provide complete details of all transactions for which authorization is sought, including U.S. Department of Commerce Export Control Classification Numbers for all U.S.-origin goods and technology to be exported or re-exported to Iran. Activities undertaken pursuant to specific licenses issued under the Third Amended SLP must be initiated and completed within the timeframe established in those specific licenses. Applications for specific licenses may be submitted online at: <http://www.treasury.gov/resource-center/sanctions/Pages/licensing.aspx>, or alternatively by mail or courier pursuant to section 501.801 of the Reporting, Procedures and Penalties Regulations, 31 C.F.R. Part 501, to the Office of Foreign Assets Control, U.S. Department of the Treasury, Treasury Annex, 1500 Pennsylvania Avenue, N.W. Washington, D.C. 20220.

Effective July 14, 2015, all specific licenses that: (1) were issued pursuant to OFAC's *Second Amended Statement of Licensing Policy on Activities Related to the Safety of Iran's Civil Aviation Industry*, and (2) have an expiration date on or before July 14, 2015, are authorized to remain in effect according to their terms until Implementation Day.

**11. Q: The JPOA provided for a pause in the reduction of imports of Iranian crude oil. What does this entail?**

The core architecture for oil sanctions on Iran remains in place under all statutes and Executive orders. For the JPOA Relief Period, the USG will not seek further reductions from the current purchasers of Iranian crude oil – China, India, Japan, the Republic of Korea, Taiwan, and Turkey – so that they can maintain their current average level of imports from Iran, but they may not increase their average quantities of Iranian crude oil imports during that period. All other U.S. sanctions on Iran's energy sector – including sanctions on providing goods and services to, or investment in, the energy sector – remain fully in force.

**12. Q: If contracts related to activities for which sanctions relief has been provided pursuant to the JPOA were entered into during the JPOA Relief Period, and such contracts terminate after the period ends, will transactions or other activities undertaken pursuant to those contracts after the end of the JPOA Relief Period be sanctionable?**

The suspension of sanctions pursuant to the JPOA applies only to activities that are initiated and completed entirely within the JPOA Relief Period. As a general matter, the sanctions relief that



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will be provided following Implementation Day is of a broader scope than that provided during the JPOA Relief Period. Therefore, to the extent activities initiated during the JPOA Relief Period extend beyond Implementation Day (with the exception of activities under specific licenses of limited duration), such activities will not give rise to sanctions exposure. If at any point Iran materially breaches its commitments under the JCPOA, the USG has the ability to snap back sanctions. The USG will issue further guidance in the event that Implementation Day will not be reached or sanctions are snapped back. For additional information regarding insurance claims payments, see Question 14.

**13. Q: Will payment received during the JPOA Relief Period for activity covered by the JPOA that took place prior to January 20, 2014, benefit from the sanctions relief?**

Transactions related to sanctionable conduct that began prior to January 20, 2014, and for which a temporary suspension of sanctions has been provided pursuant to the JPOA, would still have exposure to U.S. sanctions.

**14. Q: How does the temporary relief provided by the JPOA affect the provision of insurance for transactions involving Iran?**

To the extent that the provision of insurance or reinsurance is an associated service of an activity for which the JPOA provides temporary relief, the provision by a non-U.S. person not otherwise subject to the ITSR of that insurance or reinsurance during the JPOA Relief Period would not be sanctionable. Otherwise, sanctions on the provision of insurance or reinsurance for certain types of activities involving Iran remain in place.

In addition, insurance payments for claims arising from incidents that occur during the JPOA Relief Period may be paid after Implementation Day, so long as the underlying transactions and activities conform with U.S. sanctions in place at the time of payment and the terms of the sanctions relief provided by the JPOA. Insurance and reinsurance companies should contact the USG directly with any inquiries. U.S. persons and U.S.-owned or -controlled foreign entities remain prohibited from participating in the provision of insurance or reinsurance services to or for the benefit of Iran or sanctioned entities, including with respect to all elements of the sanctions relief provided pursuant to the JPOA, unless specifically authorized by OFAC.

**15. Q. Are transactions with Tidewater Middle East Co. still sanctionable?**

Yes. Transactions with Tidewater Middle East Co. remain sanctionable, even if they are related to activities for which a temporary suspension of sanctions has otherwise been provided pursuant to the JPOA (for additional information see [http://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq\\_iran.aspx#315](http://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_iran.aspx#315)).