

July 21, 2014

Frequently Asked Questions Relating to the Extension of Temporary Sanctions Relief to Implement the Joint Plan of Action between the P5 + 1 and the Islamic Republic of Iran

Pursuant to the Joint Plan of Action (JPOA), reached on November 24, 2013, between the P5 + 1 (China, France, Germany, Russia, the United Kingdom and the United States, coordinated by the European Union's High Representative) and the Islamic Republic of Iran, the U.S. government (USG) committed to suspend temporarily between January 20, 2014, and July 20, 2014, 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 services¹ regarding each of the foregoing. The JPOA also included a commitment to establish financial channels 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. In addition, the JPOA included a commitment to license certain transactions related to the safety of Iran's civil aviation industry. Finally, the USG committed to pause efforts to further reduce Iran's crude oil exports and to enable Iran to access \$4.2 billion in Restricted Funds² in installments over the course of the six-month period beginning January 20, 2014, and ending July 20, 2014 (the JPOA Period).

The JPOA was renewed on July 19, 2014, by mutual consent of the P5 + 1 and Iran, extending the temporary sanctions relief provided under the JPOA to cover the period beginning on July 21, 2014, and ending November 24, 2014 (the Extended JPOA Period), in order to continue to negotiate a long-term comprehensive solution to ensure that Iran's nuclear program will be exclusively peaceful. During the Extended JPOA Period, the sanctions relief the USG committed to during the JPOA will be continued as set out below. 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: What types of sanctions relief provided to Iran pursuant to the JPOA will be continued during the Extended JPOA Period?

The USG has committed to continue to suspend temporarily 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 regarding each of the foregoing. The USG will also continue to coordinate with Iran regarding the use of financial channels established during the JPOA Period 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

¹The 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.

²The 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 6 and 8 for a more detailed discussion of Restricted Funds.

July 21, 2014

studying abroad. The USG will extend the favorable licensing policy issued in furtherance of the JPOA in connection with transactions related to the safety of Iran's civil aviation industry. Finally, during the Extended JPOA Period, the USG will continue to pause efforts to further reduce Iran's crude oil exports and will enable Iran to access \$2.8 billion in Restricted Funds 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. The USG also retains the authority to revoke this limited sanctions relief at any time if Iran fails to meet its commitments under the JPOA.

2. Q: How does the JPOA and the extension of relief thereunder impact U.S. sanctions on Iran?

Except for the limited, temporary, and reversible 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. The relief provided in the JPOA only pertains to conduct and transactions fully completed during the JPOA Period and/or the Extended JPOA Period, and, with limited exceptions, 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.³ 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 extend the temporary sanctions relief with respect to Iran pursuant to the JPOA, see the [January 20, 2014, Guidance Relating to the Provision of Certain Temporary Sanctions Relief](#) and the [July 21, 2014, Guidance Relating to the Provision of Certain Temporary Sanctions Relief](#).

3. Q: Are U.S. persons able to engage in any of the transactions with Iran outlined in the JPOA as extended?

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. 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

³ 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>].

July 21, 2014

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.

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

For the Extended JPOA 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 institutions⁴ listed solely pursuant to E.O. 13599 and certain other specified Iranian entities on the SDN List (see Question #5 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 Period and/or the Extended JPOA Period without exposure to U.S. sanctions, subject to certain conditions explained in the January 20 and July 21, 2014, versions of the Guidance Relating to the Provision of Certain Temporary Sanctions Relief. The relief provided in the JPOA with respect to Iran's exports of petrochemical products will expire on November 24, 2014, and any transactions, payments, deliveries, or associated services provided in connection with such exports that occur after November 24, 2014, could expose the relevant parties to potential U.S. sanctions. 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 paraffin, chlorine, chloroacetyl 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,

⁴ 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).

July 21, 2014

styrene, tyrene acrylonite copolymer, sulfur, sulfuric acid, styrene butadiene, toluene diisocyanate, triethanolamine, triethylene glycol, and vinyl chloride monomer.⁵

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. 13622.⁶

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.

5. Q: Does the petrochemical sanctions relief in the JPOA as extended cover dealings with any SDNs?

As noted above, the USG will continue to temporarily suspend during the Extended JPOA 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
- 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

⁵ 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].

⁶ 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.

July 21, 2014

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.

6. Q: The JPOA provided that U.S. sanctions related to gold and other precious metals would be suspended during the JPOA Period. What does the suspension entail for the Extended JPOA Period?

For the Extended JPOA Period, the USG will continue to suspend sanctions on the sale to and purchase from Iran of gold and other precious metals⁷ 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/answer.aspx#258> for additional information regarding qualifying bilateral trade).

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

7. Q: The JPOA provided that U.S. sanctions related to Iran's automotive industry would be suspended during the JPOA Period. What does the suspension entail for the Extended JPOA Period?

For the Extended JPOA 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 sector⁸ 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.

⁷ 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 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.

July 21, 2014

8. Q: The JPOA provided that the P5 + 1 would enable the repatriation of \$4.2 billion of Iranian revenue held abroad during the JPOA Period and the extension of the JPOA provides for the repatriation of an additional \$2.8 billion of Iranian revenue held abroad. What will happen during the Extended JPOA Period?

The P5 + 1 fulfilled their commitment to facilitate the release of \$4.2 billion of Iran's Restricted Funds during the JPOA Period.

In accordance with the terms of the extension of sanctions relief under the JPOA, the P5 + 1 and Iran have agreed on a process to authorize or facilitate the release in installments over the Extended JPOA Period of \$2.8 billion of Iran's Restricted Funds (the four-month prorated amount of the original JPOA commitment), and the USG is working with our partners and relevant foreign financial institutions (FFIs) to implement this provision. Unless an FFI is notified directly in writing by the USG that a release is not sanctionable, any release or receipt of Iran's Restricted Funds would expose an FFI to U.S. sanctions.

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 and 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 Extended JPOA 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. Please note 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 for the Extended JPOA Period?

OFAC is issuing an Amended Statement of Licensing Policy on Activities Related to the Safety of Iran's Civil Aviation Industry (Amended SLP) that extends the date of the previously-issued statement of licensing policy to the end of the Extended JPOA Period. The Amended SLP explains how OFAC intends to license the supply and installation of spare parts to ensure the safe

July 21, 2014

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 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 Amended SLP by non-U.S. persons not otherwise subject to the ITSR have been temporarily suspended.

Applicants for specific licenses pursuant to the 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. Any parts or services provided to Iran pursuant to licenses issued consistent with the Amended SLP, and payments relating thereto, must be provided within the Extended JPOA Period. 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.

11. Q: What does the pause in the reduction of imports in Iranian crude oil mean for the Extended JPOA Period?

The core architecture for oil sanctions on Iran remains in place under all statutes and Executive orders. For the Extended JPOA Period, however, 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 Period or the Extended JPOA Period, and such contracts terminate after the Extended JPOA Period ends, will transactions or other activities undertaken pursuant to those contracts after the end of the Extended JPOA Period be sanctionable?

Yes. The temporary suspension of sanctions applies only to activities that are initiated and completed entirely within the JPOA Period and/or the Extended JPOA Period, and not to activities undertaken before the JPOA Period or after the Extended JPOA Period, even if they are undertaken pursuant to contracts entered into during those periods, with the limited exception of claims payments for activities insured pursuant to the JPOA with respect to incidents that occurred during the JPOA Period or the Extended JPOA Period. For additional information regarding insurance claims payments, see Question 14. Any conduct for which sanctions have been suspended pursuant to the JPOA that occurs after the end of the Extended JPOA Period, will not qualify for relief pursuant to the JPOA.

July 21, 2014

For example, if a contract is entered into on January 25, 2014, for the sale of CKDs to be delivered to Iran on November 30, 2014, the delivery of such CKDs after November 24, 2014, could be sanctionable because it falls outside of the relief period. Similarly, any payments relating to such CKDs received after the Extended JPOA Period could be sanctionable.

13. Q: Will payment received during the JPOA Period or the Extended JPOA Period for activity covered by the JPOA that took place prior to the start of the JPOA Period 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 Extended JPOA 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 Period and/or the Extended JPOA Period may be paid after November 24, 2014, so long as the underlying transactions and activities conform to all other aspects of the sanctions remaining in place 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.

For example, the payment of a cargo insurance claim on November 30, 2014, by a non-U.S. person not otherwise subject to the ITSR for a loss associated with a shipment of CKDs delivered to Iran on November 15, 2014, pursuant to a contract signed on January 25, 2014, would not be sanctioned by the USG, so long as the underlying transactions and activities conform to all other aspects of the sanctions remaining in place and the terms of the sanctions relief provided by the JPOA.

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/answer.aspx#315>).