



United States' Withdrawal From "Iran Deal" Will Reimpose Sanctions

On May 8, 2018, President Trump announced that the United States would cease participating in the Joint Comprehensive Plan of Action ("JCPOA"), commonly known as the Iran Deal. This will reimpose, by no later than November 5, 2018, those U.S. sanctions on Iran that had been lifted or waived by the JCPOA. Pursuant to the President's order, the U.S. Departments of State and of the Treasury will establish 90-day and 180-day wind-down periods for previously permitted activities. The Treasury Department's Office of Foreign Assets Control ("OFAC") has also posted several new [Frequently Asked Questions](#) that provide guidance on the sanctions to be reimposed and the relevant wind-down periods.

Of particular note, foreign entities owned or controlled by U.S. persons that had been operating in Iran under General License H will no longer be authorized to do so as of November 5, 2018. Although non-U.S. persons (i.e., natural persons and entities that are not majority owned or controlled by U.S. persons) are not directly subject to U.S. sanctions, it will be increasingly difficult for them to engage with Iran as the reimposition of U.S. sanctions, including on Iran's oil industry, will affect transactions denominated in U.S. dollars or that otherwise touch the U.S. financial system. In addition, under the secondary sanctions that are being reinstated, non-U.S. persons could face sanctions from the U.S. government for engaging in certain transactions involving Iran, including engaging in transactions with individuals and entities in Iran who are on the Specially Designated Nationals and Blocked Persons List. Such transactions may also be affected by whatever response other governments and organizations, such as the European Union, make to President Trump's announcement.

For example, all EU persons are subject to Council Regulation (EC) No 2271/96 of November 22, 1996, commonly known as the Blocking Regulation, which was adopted at the time to counteract the effects of the extraterritorial application of U.S. sanctions. The European Union had suggested earlier this year that the Blocking Regulation could be expanded to protect EU-based organizations doing business in Iran following any United States withdrawal from the JCPOA.

We will be publishing a more comprehensive summary and analysis of this matter in the coming days and will monitor events as they happen. In the interim, please direct any immediate questions to your Jones Day contact.

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