

U.S. Expands Sanctions on the Iranian Financial Sector

October 13, 2020

Last week, the United States [expanded](#) sanctions on Iran's financial sector by designating 18 major Iranian banks as Specially Designated Nationals (SDNs) and authorizing additional future sanctions on the Iranian financial sector. Non-U.S. companies and banks could be subject to serious U.S. secondary sanctions penalties for significant continued dealings with the designated Iranian financial institutions, unless those dealings relate to permissible wind-down or humanitarian activities.

With respect to authorized wind-down activities, the Office of Foreign Assets Control (OFAC) issued a new [FAQ](#) indicating that non-U.S. persons will not be targeted under secondary sanctions authorities if they wind-down business with most of the banks on or before November 22.* The wind-down guidance does not apply to business dealings involving the banks that were sanctionable prior to last week's regulatory change.

Second, OFAC issued [General License L](#) to authorize continued dealings with most of the banks if those dealings are authorized by, exempt, or not prohibited under OFAC's Iranian Transactions and Sanctions Regulations (ITSR). Among other things, this means that the new sanctions do not apply to [humanitarian transactions](#) involving most of the banks related to the provision or sale of agricultural commodities, food, medicine, or medical devices that are authorized under the ITSR. Similarly, non-U.S. persons will not be subject to [secondary sanctions](#) for humanitarian transactions that would be authorized by General License L if they were U.S. persons.

Please contact our sanctions group with any questions about these developments.

* The wind-down guidance and humanitarian general license apply to 17 of the 18 newly sanctioned Iranian banks. The guidance and general license do not apply to Hekmat Iranian Bank, which was designated under a separate sanctions authority than the other 17 banks covered by OFAC's announcement.