KING & SPALDING

Client Alert

International Trade & Litigation Practice Group

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Presidential "Notice" Triggers New Iran Sanctions Designations

On February 3, 2017, the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury added twenty-five individuals and entities to its Specially Designated Nationals ("SDN") List. According to the White House, these parties "provide support to Iran's ballistic missile program and to the Islamic Revolutionary Guard Corps' Quds Force."

Iran conducted a ballistic missile test on January 29, 2017. In the early morning hours of February 2, President Trump announced via tweet that he was "formally" putting Iran "on notice." The Trump Administration has declared that the sanctions designations come as a result of that "notice" and "mark yet another stop in our continued effort to aggressively target Iran's ballistic missile program and terrorism-related activities."

The newly designated twenty-five individuals and entities have been added to the SDN List, which can be accessed at https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx.

OFAC implements a blocking order on property and interest in property of the individuals and entities that have been designated on the SDN List. This means that U.S. persons are prohibited from engaging in virtually all transactions with the newly designated parties, and any property or interests in property of these parties that is in, or comes within, the possession or control of U.S. persons must be blocked or frozen. Like all additions to the SDN List, the blocking order takes immediate effect, notwithstanding any existing contractual obligations that may involve the newly designated parties.

Other than transactions with these newly designated parties, obligations for U.S. individuals and companies under Iran sanctions remain largely unchanged from those in effect after the Obama Administration rolled out a series of general licenses and guidance in connection with the Joint Comprehensive Plan of Action ("JCPOA"), also commonly referred to as the Iran Nuclear Deal, in 2016. As King & Spalding previously reported, the JCPOA is an agreement between the EU, the P5+1 countries (China, France, Russia, the United Kingdom, the United States, and Germany) and Iran under which the EU and the P5+1 countries provided Iran sanctions relief in exchange for commitments from Iran to scale back its nuclear

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program. Under the JCPOA, the U.S. agreed to cease applying certain types of nuclear-related secondary sanctions to non-U.S. persons (*i.e.*, individuals who are not U.S. citizens or permanent residents, companies that are not incorporated in the United States, persons who are not located in the United States). With certain limited exceptions, **U.S. persons and entities, and entities owned or controlled by U.S. persons, generally remain prohibited from transacting with Iran** absent authorization from OFAC**.**

While the Trump Administration's newly announced sanctions may only impact a limited number of transactions involving the newly designated parties, this development and the manner in which it was announced signals that the new administration is willing to tighten sanctions against Iran and to move swiftly to do so. King & Spalding will continue to monitor sanctions developments under the new administration. Please contact us if you have any questions or would like additional information.