



## US Sanctions against Iran

On 8 May 2018 the United States (US) announced its decision to cease participation in the Joint Comprehensive Plan of Action (JCPOA) regarding Iran's nuclear program. The JCPOA was signed by the five permanent members of the UN Security Council (US, United Kingdom, Russia, France, China plus Germany) and Iran on 20 July 2015. "Implementation Day" for the JCPOA was 16 January 2016.

From Implementation Day, the US agreed to lift a number of secondary sanctions that specifically applied to non-US persons even when there was an absence of a US nexus. The consequence of the US decision to cease participation in the JCPOA is that the restrictions on trade with Iran will be reinstated, including secondary sanctions.

In order to implement their decision the US government has established two separate wind down periods during which non-US persons are advised to conclude Iranian transactions entered into prior to 8 May 2018.

The first wind down period runs for 90 days ending on 6 August 2018, after which the following sanctions will be re-imposed:

- i. Sanctions on the purchase or acquisition of US dollar banknotes by the Government of Iran;
- ii. Sanctions on Iran's trade in gold or precious metals;
- iii. Sanctions on the direct or indirect sale, supply, or transfer to or from Iran of graphite, raw, or semi-finished metals such as aluminium and steel, coal, and software for integrating industrial processes;
- iv. Sanctions on the significant transactions related to the purchase or sale of Iranian Rials, or the maintenance of significant funds or accounts outside the territory of Iran denominated in the Iranian Rial;
- v. Sanctions on the purchase, subscription to, or facilitation of the issuance of Iranian sovereign debt; and
- vi. Sanctions on Iran's automotive sector.

The second wind down period runs for 180 days ending on 4 November 2018, after which the following sanctions will be re-imposed:

- i. Sanctions on Iran's port operators, and shipping and shipbuilding sectors, including the Islamic Republic of Iran Shipping Lines (IRISL), South Shipping Line Iran, or their affiliates;
- ii. Sanctions on petroleum-related transactions with, among others, the National Iranian Oil Company (NIOC), Naftiran Intertrade Company (NICO), and National Iranian Tanker Company (NITC), including the purchase of petroleum, petroleum products, or petrochemical products from Iran;
- iii. Sanctions on transactions by foreign financial institutions with the Central Bank of Iran and designated financial institutions under Section 1245 of the National Defense Authorization Act for Fiscal Year 2012 (NDAA);
- iv. Sanctions on the provision of underwriting services, insurance, or reinsurance; and
- v. Sanctions on Iran's energy sector.



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Notably a number of maritime and energy-related industries will be affected by the reinstatement of these sanctions. Parties currently trading with Iran should carefully review their own activities against the announced sanctions in order to ensure they do not expose themselves (directly or indirectly) to penalties.

Additionally, the US government has signalled that over 400 individuals and entities that had been previously listed as sanctioned parties will be re-listed no later than 5 November 2018.

In the meantime, the other parties to the JCPOA confirmed their 'unwavering support' for the accord and it is expected that the European Union will explore options that may allow European firms to continue to trade with Iran. However, whether the European Union will be successful and the ultimate outcome on the shipping and insurance sectors remains uncertain.

Mindful that the overall situation remains in flux, MS Amlin continues to closely monitor developments as communicated by the US Department of Treasury and the European Union. At this time of uncertainty our assureds trading with Iran are advised to maintain enhanced due diligence practices in order to ensure they remain compliant and to protect their business continuity. Further information will be provided as the position becomes clearer.



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