

Iran Agreement

On Tuesday, 14 July 2015, the E3/EU+3 (China, France, Germany, the Russian Federation, the United Kingdom and the United States, with the High Representative of the European Union for Foreign Affairs and Security Policy) and the Islamic Republic of Iran agreed to a Joint Comprehensive Plan of Action (JCPOA). Under the JCPOA, Iran agreed to several measures aimed to ensure that its nuclear program will be exclusively peaceful in exchange for the eventual lifting of certain UN Security Council, EU and US sanctions related to Iran's nuclear program. The E3/EU+3 will submit a draft resolution to the UN Security Council endorsing the JCPOA and providing for termination of all Security Council resolutions imposing Iranian nuclear sanctions. However, the trade sanctions could be reinstated if Iran violates the agreement – the so called “snapback”. This will be monitored through a unique surveillance regime.

With respect to the US, the JCPOA could potentially lift a wide variety of US secondary sanctions including sanctions on certain financial and banking transactions, such as transactions with the Central Bank of Iran (CBI), the National Iranian Oil Company (NIOC) and Naftiran Intertrade Company (NICO). Additionally, the JCPOA could allow for limited US trade including the importation into the US of Iranian-origin carpets and foodstuffs. In the EU, all the Iranian nuclear-related economic and financial sanctions will be terminated. This means that all provisions of

Council Regulation (EU) No 267/2012 as amended will be phased out, including the restrictions on transfer of funds; on banking activities; on the provision of insurance and reinsurance; on SWIFT; and on oil, gas and petrochemical sectors.

The lifting of sanctions envisioned in the JCPOA is not immediately effective, but rather will be phased in over time. Additionally, the enforcement of US statutory sanctions implemented due to Iran's support for terrorism, human rights abuses, and missile activities will not be affected by the JCPOA. The EU sanctions adopted with respect to human rights violation will also remain in force. Under the JCPOA, the first set of US and EU sanctions will not be lifted until Implementation Day – i.e., the day that the International Atomic Energy Agency verifies that Iran has implemented key nuclear-related measures described in the JCPOA. This is expected to take approximately six months. Until Implementation Day, the limited sanctions relief adopted previously under the 24 November 2013 Joint Plan of Action (JPOA) remains in effect. Among other things, the JPOA suspended US sanctions that apply extraterritorially to non-US persons doing business with Iran's petrochemical and automotive sectors or involving gold and other precious metals, and sanctions against both US and non-US persons for transactions involving civil aviation safety and certain humanitarian activities.

EU

Extension of Russia and Crimea Sanctions

The sanctions imposed against Russia and Crimea have been extended by the Council of the EU for a further six months for Russia, until 31 January 2016, and for a further 12 months for Crimea and Sevastopol, until 23 June 2016. The scope of the sanctions remains the same as already in force.

Extension of Asset Freezing Sanctions for Individuals in Respect of the Actions in Ukraine

On 5 June 2015, the Council extended the asset freeze for three of the four individuals covered by the regime. Two of the individuals have had the asset freezes against them extended by nine months, with the third individual's sanctions extended by four months. The fourth individual did not have sanctions extended as he is understood to have died.

[Council Decision 2015/876](#).

Sanctions in Respect of the Situation in Syria Extended

The sanctions in place against Syria were extended by the European Council for a further year, until 1 June 2016. These sanctions impose asset freezes on a number of individuals and impose a range of trade prohibitions. [Council Decision 2015/837](#).

Dual-Use Regulation (No 428/2009) Review

In April 2014, the European Commission (EC) launched a review of its current export control systems for dual use items. In May 2015, as part of this review, the EC published a questionnaire for exporters of dual use items to complete. The responses to the questionnaire have been received and will form part of the impact assessment completed by the Commission to shape its proposal.

US

BIS and DDTC Propose New Rules to Harmonise EAR and ITAR Definitions

On 3 June 2015, the US Commerce Department's Bureau of Industry and Security (BIS) and Department of State's Directorate of Defense Trade Controls (DDTC) published companion announcements in the Federal Register of proposed revisions to key terms in the Export Administration Regulations (EAR) and International Traffic in Arms Regulations (ITAR). The proposed rules, if adopted, would harmonize definitions of important concepts used in both sets of regulations, including “technology” and “technical data,” “required,” “peculiarly responsible,” “proscribed person,” “published,” results of “fundamental research,” “public domain,” “export,” “reexport,” “release,” “transfer” and “transfer (in-country).” Each agency published on its website a side-by-side comparison of the relevant regulatory text from both the EAR and ITAR. In addition, the proposed rules include measures to clarify existing controls in the EAR and ITAR on electronically transmitted and stored technology and software secured using end-to-end encryption, and the scope of “defense services” under the ITAR. BIS and DDTC will accept comments on the proposed rules until 3 August 2015.

Enforcement Actions, Announcements and Events

UK

Injunction Refused for Sanction Target's Wife

The High Court has refused to grant an interim injunction to Mrs. Hmicho requiring accounts in her sole name to be unfrozen. The accounts were frozen after her husband was listed as a designated person under the EU sanctions on Syria. The Court held that the balance of convenience was in favour of the injunction not being granted and the bank therefore avoiding potential criminal exposure, combined with the fact that damages would be an adequate remedy for Mrs. Hmicho, made it appropriate to refuse the order. [Hmicho v Barclays Bank plc \[2015\] EWHC 1757 \(QB\)](#).

Practical Law Roundtable Workshop

On 16 July 2015, Practical Law is holding a roundtable workshop where our sanctions and energy experts, Paul Brennan and Aline Doussin, will discuss:

- How export controls and sanctions increasingly apply to energy companies operating in the EU.
- What the regulators expect from the industry.
- Current investigations and enforcement trends in the UK and broader EU including alleged non-compliance with the Capacity Market Rules.

When: Thursday 16 July 2015, 8:30–10:30 a.m.
(refreshments from 8:15 a.m.)

Venue: Friars House, 160 Blackfriars Road, Southwark, London SE1 8EZ

For more information and to register, see [Energy Roundtable: compliance and sanctions in the energy sector](#).

HM Treasury Publishes New On-line Form for Report and/or Disclosure of Financial Sanctions Breaches

HM Treasury, responsible for implementation and administration of the UK financial sanctions regime, published a new "breach form" on its website. This form should be used to report or self-disclose breaches of financial sanctions. [It can be accessed here](#).

About Our Team

Our export controls and sanctions team is built on the ability to advise on the shifting regulatory framework on both sides of the Atlantic. We have extensive experience in advising and representing a wide range of companies and financial institutions in Europe, the US and other jurisdictions on export control and sanctions from a multijurisdictional perspective. Our export controls and sanctions team is part of our overall International Trade Practice, providing a "one-stop" solution to global trade compliance through rapid, professional and tailored advice and compliance tools to fit your business needs and processes. If you have any question relating to sanctions please contact a member of our EU or US sanctions team listed herein. You can also email InternationalTradeCompliance@squirepb.com for assistance.

US

BIS Adds Al Naser Airlines to the Temporary Denial Order Against Mahan Air

BIS issued an order denying the export privileges of Iraq-based Al Naser Airlines, Bahar Safwa General Trading and Ali Abdulla Alhay for their efforts to illegally export civilian aircraft to Iran in violation of the EAR. The US Treasury Department's Office of Foreign Assets Control (OFAC) likewise designated Al Naser Airlines for sanctions for supporting Mahan Air, which, in 2011, was designated for supporting Iran's Revolutionary Guard Corps-Qods Force. According to the Temporary Denial Order (TDO), Al Naser Airlines attempted to export two Airbus aircraft from the US to Mahan Air. The TDO suspends the affected parties' right to export from the US as well as the right to receive or participate in exports and re-exports from the US or in other transactions that are subject to the EAR.

John Bean Technologies Corporation Settles Potential Civil Liability for Alleged Violations of WMD Proliferation Sanctions

John Bean Technologies Corporation (JBT), a Chicago company, agreed to pay US\$391,950 to settle possible civil liability for alleged violations of Executive Order 13882, "Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters," and corresponding OFAC regulations. JBT allegedly sold goods to a Chinese company that were shipped on a blocked vessel by the Islamic Republic of Iran Shipping Lines (IRISL), and subsequently attempted to present trade documents related to the IRISL shipment to a Spanish Bank in order to receive payment under a Letter of Credit that a US bank had previously declined to advise. In addition, JBT allegedly made payments to its affiliate JBT AeroTech Spain to reimburse it for charges paid to its freight forwarder for the shipping services rendered by IRISL, and to the Spanish bank for fees associated with negotiating the Letter of Credit.

ITAR Practitioner's Handbook

Organizations engaged in trade of items specially designed for military or space applications are encouraged to download our complimentary ITAR Practitioner's Handbook covering the International Traffic in Arms Regulations (ITAR). In addition to the ITAR, this Handbook includes: the US Department of Commerce "600 Series;" a summary of ITAR and Export Administration Regulations (EAR) exemptions; a primer for export controls compliance; key points of contacts for the US government, including phone numbers; and other useful materials.

[Download a copy of the Handbook here](#).

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