



Sanctions brief

October 2026

Our firm's Commodities & Shipping Practice highlights the following recent developments regarding US economic sanctions:

Iran

- **New Licensing Policy** – The Office of Foreign Assets Control (OFAC) announced a significant new licensing policy of “presumed denial” for all Iran-related license applications. We note the following:
 - **Narrow Exceptions** – The policy has an exception for “exceptional and urgent circumstances, such as risk to life, limb, or environmental safety.” This likely would apply to licenses authorizing transactions necessary for the safety and maintenance of vessels at sea. There is a second exception for licenses required by law, but this is a very narrow category, applicable mostly to transactions involving agricultural commodities and medicine/medical devices.
 - **Denials** – OFAC recently has denied a high volume of pending applications under the new policy, including applications that used to be granted routinely. Licenses that are currently in effect have not been revoked en masse but, in most cases, renewal licenses will not be granted.
 - **Disputes** – The new licensing policy creates major obstacles for the resolution of disputes involving a party blocked under Iranian sanctions (e.g., licenses to collect debts and enforce arbitration awards against blocked parties).
- **Banking** – OFAC designated a Turkish bank and its subsidiaries to the Specially Designated Nationals and Blocked Persons List (SDN List), finding that it provided the Iranian regime with a financial lifeline, including correspondent banking access to move funds internationally. We expect to see an increase in OFAC's targeting of smaller financial institutions.
- **Strait of Hormuz** – OFAC designated BitBank, an Iranian digital assets exchange used by Hormuz Safe Marine Services Authority to transfer payments it received to Iran.

Russia

- **Graham Act** – President Donald J. Trump signed into law the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 (the “Act”), which imposes mandatory sanctions on non-US persons who engage in certain categories of transactions related to Russia. The president, through OFAC, must delegate parties to the SDN List by 18 October 2026, and every 180 days thereafter there will be a review to identify additional eligible targets. There are numerous categories of activities that are sanctionable under the Act, but the following are particularly relevant to commodities and shipping:
 - **Use of a vessel by a Russian person** – A vessel and its owners, operators, managers, captain and officers can be blocked if the vessel is “used by” a “Russian person” (regardless of their sanctions status) to carry Russian or non-Russian origin “crude oil, uranium, natural gas, liquefied natural gas, petroleum, petroleum products, coal, coal products, arms” (Targeted Commodities) or other goods for the purpose of circumventing US and other sanctions (Section 102(b)(3) and (4)).
 - **Non-standard maritime behavior** – Vessel owners, operators and managers can be blocked if, while carrying Targeted Commodities for Russian persons, they “knowingly”: (i) exhibit or engage in unsafe or nonstandard maritime behavior; (ii) lack adequate maritime insurance; or (iii) evade compliance with crude oil or petroleum price caps (Section 102(b)(3)(A)–(C)).
 - **Carrying Russian commodities** – A vessel can be blocked if it transports Russian-origin crude oil, uranium, natural gas, liquefied natural gas, petroleum, petroleum products, petrochemical products, coal or coal products (Russian Commodities). No “Russian person” is required to be involved directly in such carriage (Section 102(b)(5) (A)).



- **Shipt-to-ship (STS) transfers of Russian-origin commodities** – A vessel can be blocked if it engages in a STS transfer involving Russian Commodities with a blocked vessel (Section 102(b)(5)(B)).
- **Vessel transfers to Russian persons** – Any non-US person can be blocked if they transfer a vessel to the Russian Federation or provide a vessel for use by a Russian person if that vessel is designed to carry Targeted Commodities. (Section 102(b)(4)(D)).
- **Providing vessel services** – Any non-US person can be blocked if they provide STS operations or any other services to a vessel that transports Russian Commodities (Section 102(b)(5)(C)).
- **Ports services** – Non-US port owners and operators can be blocked if they allow any vessel blocked under US sanctions against Russia to receive port services (Section 102(b)(6)).
- **Facilitation of energy production** – Non-US persons can be blocked if they supply, transfer, market or otherwise provide goods, services, technology or other support that facilitates the maintenance or expansion of the production of Russian Commodities (Section 108(b)).

Cuba

- **Metals and mining** – The US Department of State designated several companies to the SDN List pursuant to Executive Order (EO) 14404, for helping the government of Cuba exploit the country's metals and mining sector. Blocked companies include NICAROTEC, a Cuban state-owned industrial and technical services company providing geological and mining support for the Cuban nickel sector, and CEXNI, a foreign-trade and logistics enterprise that imports and supplies specialized raw materials, machinery and equipment for Cuba's nickel and cobalt industry.
- **Financial transactions** – OFAC issued an alert that highlights the risk of secondary sanctions for: (i) parties that conduct or facilitate significant transactions for the benefit of any parties blocked under EO 14404; (ii) prohibitions on persons subject to US jurisdiction (i.e., US persons and non-US entities owned or controlled by US persons) engaging in financial transactions (directly or indirectly) with parties on the Cuba Restricted List; and (iii) a new prohibition on "U-Turn" transactions involving Cuba.

Venezuela

- **Amended general licenses (GLs)** – OFAC amended several GLs that authorize certain transactions with the Venezuelan government. GL 46E and GL 48D add methanol to the list of petrochemical products covered by the licenses. GL51D and GL 54D add authorizations for dealings in Venezuelan coal and a state-owned mining company, Carbones del Zulia S.A. In addition, GL 52C adds new language authorizing contracts that are executed by blocked individuals, provided they are operating in their capacity as officers and representatives of Petróleos de Venezuela, S.A. (PDVSA).

Disputes

- **Penalty challenge** – OFAC issued a pre-penalty notice of approximately US\$4 million to a Greek shipping company for allegedly "causing" a US person to violate sanctions when they allowed their sub-charterers to carry Iranian minerals and metals on vessels subject to sale-leaseback agreements with a US investor. The company sued in US federal court to stop OFAC from continuing administrative enforcement proceedings, but was denied a preliminary injunction. Ultimately, the court will consider whether OFAC's administrative process violates US constitutional rights to due process and a jury trial.
- **Insurance dispute** – A US exporter sued London underwriters for denying a claim for cargo lost while being carried on a vessel that may be owned by an SDN. Underwriters won a motion to stay proceedings while the exporter applies to OFAC for a license. This will require OFAC to consider whether the vessel is owned by an SDN and whether a license is even required, given OFAC's view that "the mere fact that a blocked person has caused [a] loss does not itself create a blocked interest in the [insurance] policy or any claim or payment under the policy." FAQ 1200.

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