Topics for Discussion

• Case Studies
• New Developments
Case Study: TSRA Case

A foreign subsidiary of a U.S. company wants to export needles manufactured in a third country to Iran and approaches OFAC for a license. The company wants a license that:

– Covers needles for export to Iran, and
– Permits financing through a letter of credit drawn on an Iranian financial institution.
Section 218 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("TRA"), as implemented by 31 C.F.R. § 560.215, extends prohibitions on dealing with the Government of Iran ("GOI") and any person subject to the jurisdiction of the GOI to foreign entities owned or controlled by U.S. persons.

**DO:** A foreign subsidiary or its U.S. parent may apply for a specific license for the foreign subsidiary to engage in a transaction that would be prohibited if engaged in by a U.S. person or in the United States.
Case Study: TSRA Case

Under the re-issued Iranian Transactions and Sanctions Regulations, 31 C.F.R. Part 560 (“the ITSR”), basic medical supplies (as defined in the regulations and included in OFAC’s List of Basic Medical Supplies on the OFAC website) may be exported to Iran without a specific license.

**DO:** Consult the new regulations. Among other changes, there are several new general licenses.
Case Study: TSRA Case

The ITSR also generally authorize additional financing terms for agricultural commodities, medicine, and medical devices licensed for export to Iran.

**DO:** Consult the new regulations, which now allow TSRA exporters to finance sales of agricultural commodities, medicine, and medical devices to Iran through letters of credit issued by Iranian financial institutions blocked solely pursuant to the ITSR (and not under any other sanctions program such as 31 C.F.R. Parts 544 or 594).
Case Study: TSRA Case

Foreign subsidiaries may request a specific license to export *non-U.S. origin* agricultural commodities, medicine, or medical devices to Iran if the export is not covered by any of the general licenses.

**DO:** Use the online application system if you have access to the Internet: [www.treasury.gov/tsra](http://www.treasury.gov/tsra).

**DO:** Provide information indicating whether the non-U.S. origin goods would be classified as EAR99 if eligible to be classified by the Commerce Department.
Case Study: Iran

• A U.S. company seeks authorization from OFAC to wind down its recently acquired foreign subsidiary’s activities with Iran that are prohibited by the ITSR.
Case Study: Iran

• Background: Section 560.215 of the ITSR prohibits foreign entities that are owned or controlled by U.S. persons from knowingly engaging in any transaction, directly or indirectly, with the Government of Iran ("GOI") or any person subject to the jurisdiction of the GOI that would be prohibited by the ITSR if engaged in by a U.S. person or in the United States.
Case Study: Iran

- Background: OFAC issued two general licenses ("GLs") in tandem with implementation of section 560.215 of the ITSR:
  - Wind-down GL under section 560.555 (expired on March 8, 2013): authorized all transactions ordinarily incident and necessary to the winding-down of transactions prohibited by section 560.215. Transactions may not involve U.S. persons or occur in the United States.
  - GL in section 560.556: authorizes foreign entities that are owned or controlled by U.S. persons to engage in transactions otherwise prohibited by section 560.215 if that foreign entity qualifies for the authorizations under a GL pursuant to the ITSR.
Case Study: Iran

• **DO:** The U.S. company or its foreign subsidiary should apply for a specific license to engage in wind-down activities after March 8, 2013, with respect to its Iranian business.
  
  – The license will authorize only wind-down activities, not future business or new contracts with Iran.
New Developments

• **Now available:** A new, electronic way to apply for a license from OFAC.
New Developments

• In using the online application form, applicants must first select the type of application that will be submitted from the following four choices:

  – Application to export agricultural commodities, medicine, or medical devices to Sudan or Iran pursuant to the Trade Sanctions Reform and Export Enhancement Act of 2000
  – Application to travel to Cuba (only some categories of travel for now)
  – Application for the release of a wire transfer blocked at a U.S. financial institution
  – Application for a license or interpretive guidance in all other circumstances (“Transactional”)
New Developments

Submitting a New License Application:

Applicants must first select the type of application that will be submitted from the following choices:

- Application to export agricultural commodities, medicine, or medical devices to Sudan or Iran pursuant to the Trade Sanctions Reform and Export Enhancement Act.
- Application to travel to Cuba.
- Application for the release of a wire transfer blocked at a U.S. financial institution.
- Application for a license or interpretative guidance in all other circumstances (transactions).

Detailed instructions will be provided for each of the different application types.

Additional Information:

- All required fields are marked by an asterisk (*).
- Help is available on each page by selecting the link in the bottom left corner.
- If you close your web browser before you have submitted your application, your changes will not be saved when you return.

Terms of Agreement:

- COMPLETE ALL APPLICABLE SECTIONS. FAILURE TO PROVIDE ACCURATE INFORMATION MAY RESULT IN YOUR APPLICATION BEING RETURNED WITHOUT ACTION.
- ATTACH COPIES OF ANY DOCUMENTS RELATED TO THE UNDERLYING TRANSACTION (E.G., SHIPPING OR TRANSPORTATION RECEIPTS, INVOICE, PAYMENT DOCUMENTS, OR COPIES OF GOVERNMENT-ISSUED IDENTIFICATION FOR FOREIGN RESIDENTS, DRIVER'S LICENSE, BUSINESS LICENSES OR PROFESSIONAL CERTIFICATIONS).
- ALL DOCUMENTS MUST BE IN ENGLISH OR INCLUDE AN ENGLISH TRANSLATION.
- A COPY OF THIS APPLICATION AND ALL SUBMITTED DOCUMENTS MUST BE RETAINED BY THE APPLICANT FOR AT LEAST FIVE YEARS AFTER THE DATE OF THE UNDERLYING TRANSACTION.
- LICENSES GRANTED PURSUANT TO THIS APPLICATION ARE SUBJECT TO THE CONDITIONS BELOW.

- LICENSEES SHALL FURNISH AND MAKE AVAILABLE FOR INSPECTION ANY RELEVANT DOCUMENTATION AND ARRANGE FOR THE EXECUTION OR PERFORMANCE OF THE TRANSACTION ON ANY BASIS PERMITTED OR AUTHORIZED BY THE SECRETARY.

I have read and agree to the Terms of Agreement above.

Application Type: [Select]

[Submit]
New Developments

• Detailed instructions will be provided for each of the different application types.
OFAC Web Resources

• OFAC Homepage
  www.treas.gov/ofac

• Current Sanctions Programs
  http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx

• Exporters & Importers OFAC Brochure

• Frequently Asked Questions
  http://www.treasury.gov/resource-center/faq/Sanctions/Pages/ques_index.aspx

• Subscribe to OFAC Alerts
  https://service.govdelivery.com/service/multi_subscribe.html?code=USTREAS