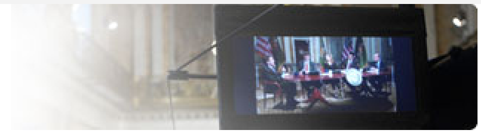
U.S. DEPARTMENT OF THE TREASURY

Press Center



Fact Sheet: Treasury Issues Iranian Financial Sanctions Regulations

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Regulations Implement Comprehensive Iran Sanctions, Accountability and Divestment Act

"Consistent with the President's commitment to rigorous implementation of the Comprehensive Iran Sanctions, Accountability and Divestment Act, the Treasury Department has issued the Iranian Financial Sanctions Regulations well ahead of the 90-day deadline mandated by Congress. Under these regulations, Treasury will close down or severely restrict the access of foreign financial institutions to the United States if they engage in any of a range of activities involving designated Iranian proliferation or terrorist entities. The type and range of transactions and financial services targeted by CISADA complement the provisions of UN Security Council Resolution 1929 and build on continued efforts by the United States and our allies to protect the international financial system from abuse by Iran. We are already seeing the private sector adjusting business practices in response to CISADA in order to ensure that their access to the U.S. financial system is not put at risk." -- *Office of Foreign Assets Control Director Adam J. Szubin*

The U.S. Department of the Treasury has issued the Iranian Financial Sanctions Regulations (IFSR) to implement subsections 104(c) and 104(d) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA).

CISADA requires the Secretary of the Treasury to issue regulations that **prohibit, or impose strict conditions on, the opening or maintaining of a U.S. correspondent account or payable-through account for a foreign financial institution** that the Secretary of the Treasury finds knowingly engages in the following activities:

Ø Facilitating the efforts of the Government of Iran (GOI) to acquire or develop weapons of mass destruction (WMD) or delivery systems for WMD or to provide support for terrorist organizations or acts of international terrorism;

Ø Facilitating the activities of a person subject to financial sanctions pursuant to United Nations Security Council Resolutions 1737, 1747, 1803, or 1929, or any other Security Council Resolution that imposes sanctions with respect to Iran;

Ø Engaging in money laundering, or facilitating efforts by the Central Bank of Iran or any other Iranian financial institution, to carry out either of the above; or

Ø Facilitating a significant transaction or transactions or providing significant financial services for Iran's Islamic Revolutionary Guard Corps (IRGC) or any of its agents or affiliates whose property or interests in property are blocked pursuant to the International Emergency Economic Powers Act (IEEPA) or a financial institution whose property or interests in property are blocked pursuant to IEEPA in connection with the GOI's proliferation of WMD or support for international terrorism.

· In determining whether transactions or financial services are **significant**, the Secretary of the Treasury may consider a number of factors related to the transactions or services, including, but not limited to: their size, number and frequency; their type, complexity or commercial purpose; whether they are performed with the involvement or approval of management; whether they are a part of a pattern of conduct or a business development strategy; how economically significant the transactions were for the parties involved; whether they involve the use of deceptive financial practices.

CISADA also requires the Secretary of the Treasury to issue regulations that **prohibit any person owned or controlled by a domestic financial institution** from knowingly engaging in a transaction or transactions with or benefitting the IRGC or any of its agents or affiliates whose property or interests in property are blocked pursuant to IEEPA.

<u>Correspondent Account Provisions:</u>

Ø **Strict Conditions:** The Secretary of the Treasury **may impose strict conditions on the opening or maintaining of U.S. correspondent accounts or payable-through accounts for a foreign financial institution** that is found to knowingly engage in the activities described above.

Examples of strict conditions that could be imposed by the Secretary of the Treasury are:

Ø Prohibiting any provision of trade finance through the correspondent account or payable-through account of the foreign financial institution.

Ø Restricting the transactions that may be processed through the correspondent account or payable-through account of the foreign financial institution.

Ø **Prohibitions:** Instead of imposing strict conditions, or at any time after imposing strict conditions, the Secretary of the Treasury **may prohibit the opening or maintaining of U.S. correspondent accounts or payable-through accounts for a foreign financial institution** that is found to knowingly engage in the activities described above by listing the foreign financial institution in Appendix A to the IFSR.

This prohibition on opening or maintaining of U.S. correspondent accounts or payable-through accounts for the foreign financial institution will supersede any conditions previously imposed on such accounts.

The IFSR define the term "knowingly" to mean **actual or constructive knowledge**. In other words, a finding can be made if a foreign financial institution knows, or should have known, that it engages in one or more of the activities described above.

Ø **Penalties:** Any person who violates the strict conditions, prohibitions or the general license is subject to civil penalties up to $250,000 or twice the transaction value, and criminal penalties for willful violations of up to $1 million and 20 years in prison.

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