

## Busy Season for U.S. Sanction Programs

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June 5, 2018

The U.S. recently announced some important updates related to U.S. sanctions affecting Iran and Russia:

**Iran.** On May 8, 2018, President Donald Trump announced his decision to cease U.S. participation in the Joint Comprehensive Plan of Action (JCPOA), thereby reimposing U.S. nuclear-related sanctions in effect prior to the JCPOA. Previously, as reported by Miller Canfield, the JCPOA provided limited U.S. nuclear-related sanctions relief, including (i) the removal of secondary sanctions on Iran's automotive sector under Section 4.7 of JCPOA Annex II, and (ii) the implementation of General License H authorizing certain Iranian transactions by non-U.S. subsidiaries of U.S. companies that were previously subject to secondary sanctions. Now, the U.S. nuclear-related sanctions relief will end, following specified wind-down periods to complete transactions authorized under the JCPOA that were entered into prior to May 8, 2018.

The applicable wind-down period depends upon the type of transaction, as outlined in the OFAC FAQs issued on May 8, 2018, with certain sanctions reimposed after a 90-day wind-down period (e.g. sanctions on Iran's automotive sector) and other sanctions reimposed after a 180-day wind-down period. Pointedly, the 180-day wind-down period will apply to transactions involving non-U.S. subsidiaries of U.S. companies previously authorized under General License H. The necessary details for the new authorizations and corresponding wind-down reports should be soon published by OFAC, as OFAC is still taking actions necessary to implement the President's decision to cease U.S. participation in the JCPOA, and OFAC expects to revoke or amend, as appropriate, general and specific licenses previously issued in connection with the JCPOA.

**Russia.** On April 6, 2018, the GAZ Group, a noteworthy Russian group of companies and leading manufacturer of commercial vehicles, was designated by OFAC as a "Blocked Person" on the Specially Designated Nationals and Blocked Persons List (SDN List). In addition, EN+Group PLC, United Company Rusal PLC and multiple other Russian companies were designated by OFAC as "Blocked Persons" on the SDN List. U.S. companies and their affected subsidiaries were required to cease transactions with these Blocked Person Russian entities.

Initially, OFAC issued the following two general licenses to wind-down transactions in connection with these designations including General License No. 12, *Authorizing Certain Activities Necessary to Maintenance or Wind Down of Operations or Existing Contracts*, and General License No. 13, *Authorizing Certain Transactions Necessary to Divest or Transfer Debt, Equity, or Other Holdings in Certain Blocked Persons*. Notably, OFAC has issued multiple updates to the general licenses and the current status is as follows:

- General License No. 12C permits activities ordinarily incident and necessary to the maintenance or wind-down of operations, contracts and agreements with the designated entities and their majority-owned entities in effect prior to April 6, 2018, so long as such activities are completed by June 5, 2018;
- General License No. 13B permits the divestiture or transfer of debt or equity for EN+Group PLC, GAZ Group, and United Company Rusal PLC through August 5, 2018;
- General License No. 14 permits activities ordinarily incident and necessary to the maintenance or wind-down of operations, contracts and agreements *only* with RUSAL PLC and RUSAL PLC majority-owned entities in effect prior to April 6, 2018, so long as such activities are completed by October 23, 2018; and

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- General License No. 15 permits activities ordinarily incident and necessary to the maintenance or wind-down of operations, contracts and agreements *only* with the GAZ Group and GAZ Group majority-owned entities in effect prior to April 6, 2018, so long as such activities are completed by October 23, 2018.

To ensure you are operating under the most current applicable OFAC general licenses and corresponding OFAC FAQs, we recommend referring to the OFAC website on a consistent basis for their updates. If you need further assistance to apply an OFAC general license or prepare a wind-down report in line with an OFAC general license, we invite you to contact Miller Canfield.