

U.S. Imposes Additional Sanctions on Central Bank of Iran

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In response to what Treasury Secretary Steven Mnuchin called “Iran’s brazen attack against Saudi Arabia,” and following President Trump’s [tweet](#) ordering Treasury to “substantially increase Sanctions on the country of Iran,” today the Treasury Department’s Office of Foreign Assets Control (OFAC) **imposed additional sanctions** on the Central Bank of Iran (CBI) and the National Development Fund of Iran (NDFI), and sanctioned Etemad Tejarate Pars Co., under its counter-terrorism authority Executive Order (E.O.) 13224.

According to the Treasury Department, the CBI has provided billions of dollars to the Islamic Revolutionary Guard Corps (IRGC), its Qods Force (IRGC-QF) and Hizballah. NDFI, Iran’s sovereign wealth fund, which the Treasury Department called “a slush fund for the IRGC-QF,” has reportedly been a major source of foreign currency and funding for the IRGC-QF and Iran’s Ministry of Defense and Armed Forces Logistics (MODAFL). Etemad Tejarate Pars is allegedly an Iran-based company used to conceal financial transfers for MODAFL’s military purchases.

The assets of parties designated under E.O. 13224 within U.S. jurisdiction are blocked or “frozen.” Further, non-U.S. persons that engage in certain transactions with today’s designees may be sanctioned.

The practical impact of today’s action is limited, as even before these designations, U.S. persons were generally prohibited from engaging in transactions with the designees. The CBI and NDFI were already subject to blocking sanctions for being part of the Government of Iran. In addition, certain transactions with the CBI were already subject to secondary sanctions under various authorities, including Section 1245 of the National Defense Authorization Act of Fiscal Year 2012, as amended by Section 504 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (the TRA), Section 220 of the TRA, and E.O. 13846.

The most significant effect of the latest sanctions will likely be that even humanitarian-related transactions involving these designees could expose non-U.S. persons to secondary sanctions, although the Treasury Department’s press release indicated that OFAC will continue to consider requests related to humanitarian trade with Iran as appropriate.

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If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

John B. Reynolds III

+1 202 962 7143

john.reynolds@davispolk.com

Will Schisa

+1 202 962 7129

will.schisa@davispolk.com

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