

# JCPOA Implementation Day Raises New Sanctions Challenges

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Based on certifications by the International Atomic Energy Agency, the United States, European Union (“EU”), and Iran declared January 16, 2016 to be “Implementation Day” under the Joint Comprehensive Plan of Action (the “JCPOA”) agreed to last July. EU economic sanctions targeting Iran’s nuclear program were largely terminated with immediate effect; however, U.S. persons remain prohibited from most transactions with Iran. U.S. nuclear-related “secondary sanctions” were lifted, as described in the JCPOA, but non-U.S. companies dealing with Iran still face the risk of U.S. secondary sanctions unrelated to Iran’s nuclear program, as well as broad prohibitions on the export or re-export of U.S.-origin goods and services. The U.S. Treasury Department’s Office of Foreign Assets Control has issued guidance on the effect of the Implementation Day sanctions relaxation and, crucially, has promulgated a new general license authorizing non-U.S. subsidiaries of U.S. entities to engage in a wide (but not unlimited) range of transactions prohibited to them since late 2012. Although the sanctions relaxation is significant, especially outside the United States, the divergence between U.S. and non-U.S. sanctions obligations, which had diminished between 2010 and 2015, has re-emerged as a compliance challenge for global businesses, especially financial institutions operating both within and outside of the United States.

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.

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