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Looking Forward to Lifting of Sanctions Against Iran

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After almost two years of negotiations, on July 14, 2015, the E3/EU+3 (China, France, Germany, Russia, the United Kingdom and the United States) and Iran reached an agreement regarding Iran's nuclear program. The Joint Comprehensive Plan of Action ("JCPOA") lays out a framework for Iran to dismantle much of its nuclear program in exchange for lifting certain United Nations ("UN"), European Union ("EU") and United States ("US") sanctions against Iran. Below we provide highlights of the agreement and a timetable for its implementation:

- **Financial and energy sanctions are lifted earlier:** The agreement provides for financial and energy sector-related sanctions to be lifted before certain arms-related sanctions. The purpose of lifting these sanctions is to enable payment mechanisms for Iran to export petroleum-related products. A range of these sanctions can be lifted as early as December 15, when the IAEA is scheduled to verify that Iran has taken measures in accord with the JCPOA.
- **No sanctions are lifted today:** The JCPOA provides for the gradual lifting of sanctions over the course of ten years provided that Iran continues to meet its commitments regarding its nuclear program.
- **Section 219 disclosure obligations remain:** SEC disclosure obligations under the Iran Threat Reduction and Syria Human Rights Act with respect to transactions or dealings with Iran do not appear to have been changed by the JCPOA.
- **UN sanctions "snap back" provision:** The deal lays out a framework for dispute resolution and a mechanism for the UN sanctions to be re-imposed in the event that Iran does not adhere to the terms of the deal. However, the sanctions would not apply retroactively to any business contracts signed with Iran while sanctions were lifted.

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TIMETABLE FOR UNWINDING SANCTIONS

Next couple of days	<ul style="list-style-type: none"> Proposed UN Security Council resolution submitted for endorsement of the JCPOA US Congress begins review of JCPOA within five days of July 14, 2015
August 15, 2015	<ul style="list-style-type: none"> Iran will provide documents to the IAEA to settle issues regarding nuclear program
September 15, 2015	<ul style="list-style-type: none"> Deadline for the IAEA to finish reviewing documents from Iran and to submit questions to Iran for more information
Mid-September	<ul style="list-style-type: none"> Congressional review period ends, and Congress approves or disapproves the JCPOA
12 days after Congressional resolution	<ul style="list-style-type: none"> If Congress disapproves, deadline for President Obama to veto resolution
10 days after potential presidential veto	<ul style="list-style-type: none"> Deadline for Congress to override veto with joint resolution
October 15, 2015	<ul style="list-style-type: none"> Completion of gathering information by the IAEA
Mid-Late October (“Adoption Day”)¹	<ul style="list-style-type: none"> 90 days after endorsement of agreement by the UN Security Council, parties to agreement can begin preparations to implement commitments under JCPOA
December 15, 2015 (possibly “Implementation Day”)	<ul style="list-style-type: none"> The IAEA scheduled to provide final assessment of Iran’s nuclear program If the IAEA verifies Iran has met obligations, then: <ul style="list-style-type: none"> UN terminates nuclear-related sanctions EU terminates or suspends a range of Iran nuclear-related sanctions, including financial and energy sector sanctions US ceases to enforce sanctions related to the financial and energy sector, removes a number of individuals/entities on SDN list, terminates Executive Orders related to Iran, licenses aviation-related trade
8 years after Adoption Day or upon report from the IAEA that nuclear program is peaceful (“Transition Day”)	<ul style="list-style-type: none"> EU terminates additional nuclear-related sanctions and arms-related sanctions US seeks legislation to terminate nuclear-related sanctions, including financial and energy sanctions, and removes individuals from the SDN and Foreign Sanctions Evaders lists
10 years from Adoption Day (“Termination Day”)	<ul style="list-style-type: none"> UN Security Council’s endorsement of JCPOA expires EU terminates remaining provisions of nuclear sanctions

¹ Adoption Day could occur at an earlier date if participants agree.

Dispute Resolution and “Snap Back” Provision under the JCPOA

In the event of Iran’s noncompliance, the JCPOA provides for dispute resolution and a “snap back” provision. The agreement establishes a Joint Commission consisting of representatives from the E3/EU+3 and Iran. If it appears that Iran is not meeting its commitments, any of the parties could refer the issue to the Joint Commission, who has 15 days to resolve the dispute. After review by the Joint Commission, a party may also refer the matter to the Ministers of Foreign Affairs or to an Advisory Board (consisting of three members), both of whom have 15 days to provide an opinion. If an Advisory Board issues an opinion, the Joint Commission has five days to consider its opinion.

After the dispute resolution process is exhausted, a party may notify the UN Security Council to pass a resolution to provide for the UN sanctions to continue to be lifted. If the UN Security Council does not pass a resolution within 30 days, the prior UN sanctions will come into full force once again, unless the UN Security Council decides otherwise. These sanctions would not apply retroactivity to any business contracts signed with Iran, but they would apply from the date of reapplication.

Going Forward

Those who wish to do business in Iran should continue to monitor the JCPOA’s implementation. Although the E3/EU+3 and Iran have agreed to the JCPOA, there remain many moving parts, and complications or delays could arise in the coming months. While the EU will move in accordance with the JCPOA, the EU has not yet announced a time for member states to meet to issue a council decision. Further, it is important to note that sanctions relating to terrorism, Syria and human rights violations continue to be in force and are not covered by the JCPOA. Visit our website for more information about the JCPOA or affected UN, EU and US sanctions. For more specific information on the implications of the JCPOA and changes to sanctions against Iran, please feel free to contact any of the listed partners.

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This memorandum is intended only as a general discussion of these issues. It should not be regarded as legal advice. We would be pleased to provide additional details or advice about specific situations if desired.

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