

## **Frequently Asked Questions Regarding Executive Order (E.O.) “Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran” of May 8, 2019**

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### **666. What does the Executive Order Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran of May 8, 2019 do?**

The [Executive Order](#) of May 8, 2019 authorizes sanctions with respect to the iron, steel, aluminum, and copper sectors of Iran.

Section 1 of the E.O. of May 8, 2019 authorizes blocking sanctions on any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

- (i) to be operating in the iron, steel, aluminum, or copper sector of Iran, or to be a person that owns, controls, or operates an entity that is part of the iron, steel, aluminum, or copper sector of Iran;
- (ii) to have knowingly engaged, on or after the effective date of the order, in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;
- (iii) to have knowingly engaged, on or after the effective date of the order, in a significant transaction for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran;
- (iv) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of any person whose property and interests in property are blocked pursuant to section 1; or
- (v) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to section 1.

Section 2 of the E.O. of May 8, 2019 authorizes correspondent and payable-through account sanctions on foreign financial institutions (FFIs) determined to have knowingly conducted or facilitated any significant financial transaction:

- (i) for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;
- (ii) for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; or
- (iii) for or on behalf of any person whose property and interests in property are blocked pursuant to the order.

Sections 3-13 of the E.O. of May 8, 2019 contain exceptions, definitions, and other implementing provisions related to the sanctions. [05-08-2019]

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### **667. When does Executive Order Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran become effective?**

The [E.O. of May 8, 2019](#) became effective upon signing. [05-08-2019]

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### **668. Is there a wind-down period?**

Yes. Persons engaged in transactions that could be sanctioned under the [Executive Order](#) Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran of May 8, 2019 will have a 90-day period to wind down those transactions without exposure to sanctions under the E.O. of May 8, 2019. Those persons should take the necessary steps to wind down transactions by the end of the 90-day wind-down period to avoid exposure to sanctions. Entering into new business that would be sanctionable under the E.O. of May 8, 2019 (the effective date of the E.O.) will not be considered wind-down activity and could be sanctioned even during the wind-down period. [05-08-2019]

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**669. Does the Executive Order Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran expand upon existing sanctions relating to trade with Iran in certain raw and semi-finished metals, such as aluminum and steel?**

Yes. The [E.O. of May 8, 2019](#) expands upon existing sanctions under section 1245 of IFCA on the sale, supply, or transfer, directly or indirectly, to or from Iran of certain materials, including raw and semi-finished metals such as aluminum and steel, as described in subsections 1245(a)(l)(B) or (C) of IFCA.

In addition, the E.O. of May 8, 2019 explicitly targets the iron and copper sectors of Iran. [05-08-2019]

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**670. Are there exceptions to the sanctions imposed under E.O. of May 8, 2019?**

Yes. The sanctions authorized under the [E.O. of May 8, 2019](#) do not apply to transactions for the conduct of the official business of the United States Government or the United Nations (including its specialized agencies, programmes, funds, and related organizations) by employees, grantees, or contractors thereof. [05-08-2019]

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**671. What is the definition of significant?**

The Department of the Treasury anticipates adopting the interpretation of “significant” set out in 31 C.F.R § 561.404. See existing OFAC Iran [FAQ 289](#). [05-08-2019]

**“significant”**

*As a general matter, in determining for purposes of IFCA and relevant Executive orders whether transactions, financial transactions, or financial services are significant, the Department of the Treasury will rely on the interpretation set out in §561.404 of the IFSR. The IFSR provide that the Department of the Treasury may consider the totality of the facts and circumstances set forth a list of broad factors that can play a role in the determination whether transactions, financial services, and financial transactions are significant, including: (a) the size, number, and frequency of the transactions, financial services, or financial transactions; (b) the nature of the transactions, financial services, or financial transactions, including their type, complexity, and commercial purpose; (c) the level of awareness of management and whether the transactions are part of a pattern of conduct; (d) the nexus of the transactions, financial services, and financial transactions and blocked persons; (e) the impact of the transactions, financial services, and financial transactions on statutory objectives; (f) whether the transactions, financial services, and financial transactions involve deceptive practices; (g) whether the transactions solely involve the passive holdings of Central Bank of Iran (CBI) reserves or repayment by the CBI of official development assistance or the transfer of funds required as a condition of Iran’s membership in an international financial institution; and (h) other relevant factors that the Secretary of the Treasury deems relevant. We anticipate adopting a similar approach to interpreting the term “significant” as it applies to goods or services. (31 C.F.R. §561.404)*