



**CLIENT ALERT:**  
**P5+1 INITIAL AGREEMENT WITH IRAN TO PRODUCE LIMITED EASING OF SANCTIONS**

November 25, 2013

On November 23<sup>rd</sup>, the United States, acting in concert with the United Kingdom, Germany, France, Russia and China (“P5 + 1”), concluded an initial understanding with Iran intended to freeze Iran’s nuclear program for six months, while negotiations continue in an effort to reach agreement on broader, longer-term limitations on Iran’s nuclear program. In exchange, the P5 + 1 will ease some of the current sanctions in place against Iran. However, this is not a removal of all trade sanctions against Iran and, in fact, most remain fully in effect. As stated in the State Department Fact Sheet issued regarding the agreement:

“In return, as part of this initial step, the P5 + 1 will provide limited, temporary, targeted, and reversible relief to Iran. This relief is structured so that the overwhelming majority of the sanctions regime, including the key oil, banking, and financial sanctions architecture, remain in place. The P5 + 1 will continue to enforce these sanctions vigorously. If Iran fails to meet its commitment, we will revoke the limited relief and impose additional sanctions upon Iran.”

In practical terms, with respect to trade sanctions, the P5 + 1 have agreed:

1. Not to impose new nuclear-related sanctions for six months;
2. To suspend certain sanctions on gold and precious metals, and on Iran’s auto and petrochemical sectors;
3. To license safety related repairs and inspections for Iran’s civil aviation sector; and
4. To allow purchase of Iranian oil to remain at current levels and to permit the transfer to Iran of \$4.2B from those sales.

The relevant U.S. sanctions previously imposed by a Presidential Executive Order can be revised by virtue of an Executive Order. However, the President cannot revoke statutes passed by Congress which have already been signed into law, and which contain various sanctions. It is our understanding that the revision of EU sanctions will require the passage of legislation. Until such actions have been taken by the U.S. and the EU, it is not possible to set forth in detail the changes in the sanctions as they will affect gold and precious metals and the Iranian automotive and petrochemical sectors. We will closely monitor developments and will report further.

At this point, as made clear by the State Department, the primary architecture of the U.S. sanctions remains in place. Other than the limited, and potentially reversible, easing of the sanctions related to the three specific trade areas mentioned above, all other U.S. sanctions remain in place and will continue to be enforced.

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