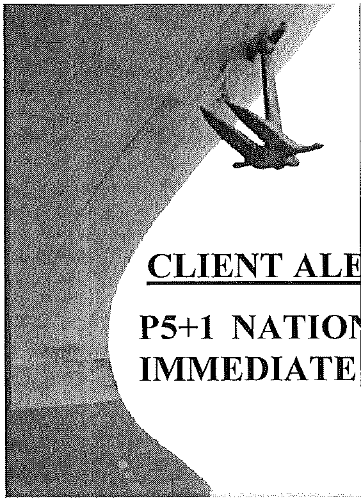

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## CLIENT ALERT:

# P5+1 NATIONS AND IRAN REACH NUCLEAR ACCORD – NO IMMEDIATE SANCTIONS RELIEF

July 14, 2015

After nearly two years of negotiations, the P5+1 countries and Iran announced today that a final agreement has been reached on the curtailment of Iran's nuclear program, which will lead to the eventual lifting of the economic sanctions imposed against Iran by the U.N., the U.S. and the EU.

According to news reports and a statement made by President Obama today, the agreement requires Iran to reduce its current stockpile of enriched uranium by 98%, most likely by shipping much of it out of the country. Restrictions are also placed on the amount of nuclear fuel Iran can maintain in its stockpile for the next 15 years. In addition, Iran must reduce by two-thirds the number of centrifuges spinning at its primary enrichment center. Reportedly, the deal calls for heightened inspections by the International Atomic Energy Agency, with certain access being granted "in perpetuity."

In exchange for Iran's implementations of the obligations it has undertaken to restrict its nuclear program, nuclear-related secondary sanctions will initially be suspended and eventually terminated, but only after Iran's implementation has been verified. In the meantime, the limited sanctions relief afforded by the Joint Plan of Action will remain in effect. Should, at any point in the future, Iran be determined to have violated the agreement, then any relieved sanctions will "snap back" into place.

The agreement must now be approved by both Supreme Leader in Iran and by the U.S. Congress, which has 60 days to review and vote on the plan. It is anticipated that there will be careful scrutiny of the agreement by the U.S. Congress, where there has been significant opposition to the deal. However, President Obama has announced that if Congress votes not to approve the deal, he will use his Presidential authority to veto "any legislation that prevents the successful implementation of this deal." Congress could then override the Presidential veto, but only with a two-thirds majority vote. At this point, it does not appear that opponents of the plan could muster two-thirds majority to override a veto, but that could change depending on what the Congressional review of the plan reveals.

The U.S. Department of the Treasury today issued the statement set forth below, promising that detailed Guidance will be forthcoming regarding the suspension and termination of sanctions as Implementation Day approaches. We will watch for that Guidance and will promptly notify you when it is available.

**Statement Relating to the July 14, 2015 Announcement of a Joint Comprehensive Plan of Action Regarding the Islamic Republic of Iran's Nuclear Program**

- On July 14, 2015, the P5 + 1 and Iran reached a Joint Comprehensive Plan of Action (JCPOA) to ensure that Iran's nuclear program will be exclusively peaceful. Building on the key parameters for a JCPOA announced on April 2, 2015, the JCPOA will provide Iran with phased sanctions relief upon verification that Iran has implemented key nuclear commitments.
- U.S. sanctions relief will be provided through the suspension and eventual termination of nuclear-related secondary sanctions, beginning once the International Atomic Energy Agency (IAEA) verifies that Iran has implemented key nuclear-related measures described in the JCPOA ("Implementation Day"). The U.S. government will publish detailed guidance related to the JCPOA prior to Implementation Day.
- The P5+1 and Iran also decided on July 14, 2015 to further extend through Implementation Day the sanctions relief provided for in the Joint Plan of Action (JPOA) of November 24, 2013, as extended. This JPOA sanctions relief is the only Iran-related sanctions relief in effect until further notice. The U.S. government will issue revised guidance on the continued JPOA relief shortly.
- Effective July 14, 2015, all specific licenses that: (1) were issued pursuant to OFAC's *Second Amended Statement of Licensing Policy on Activities Related to the Safety of Iran's Civil Aviation Industry*, and (2) have an expiration date on or before July 14, 2015, are hereby authorized to remain in effect according to their terms until Implementation Day.

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