

Iran Sanctions – Wind-Down Periods Post 8 May 2018

15th May 2018

We refer to our [News Item of 9 May 2018](#) on Iran Sanctions.

While the dates of reimposition of sanctions are clear - 6 August for the trade of certain products such as raw and semi-finished metals, and 4 November for petroleum products - the position concerning the intervening period has been the subject of considerable debate as to interpretation.

While this matter continues to evolve and further advices from OFAC are awaited, the position now appears to be that any “new” business post-8 May (and prior to the above ultimate cut-off dates of 6 August and 4 November) which involves trades which will become subject to sanctions when they are reintroduced is likely to be construed as sanctionable. Members should therefore consider very carefully any potential business involving Iranian interests post-8 May to assess whether this is part of a winding-down of existing business under contracts which pre-date 8 May (such as a contract of affreightment, for example) or whether this is new business and hence potentially subject to sanctions.

The Club’s U.S. attorneys Freehill Hogan & Mahar have provided further guidance on these aspects in their latest [Client Alert](#).

In so far as new business is concerned, Freehills advise:

New Iran-related Business

FAQ 2.2 addresses the issue of whether, after May 8, 2018, parties can engage in new Iran-related transactions if they will be concluded within the applicable wind-down periods. The response provided in FAQ 2.2 is less than clear, but in informal discussions OFAC has indicated that penalties could be imposed on sanctionable activities entered into after May 8, even if they are concluded within the applicable wind-down period. It is recommended that any party considering entering a new Iran-related transaction after May 8, which transaction would be contrary to the secondary sanctions, give careful consideration to the possibility that sanctions could be imposed by OFAC, and consider seeking guidance from OFAC before entering any such transaction.

Further information will be provided to Members at the earliest opportunity.

Any Member with specific questions concerning these measures and any other sanctions matters should contact the Managers.

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