



Doing business in Iran

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Corporate structure in Iran

- ▶ Limited Liability
 - ▶ Private Joint Stock
 - ▶ Public Joint Stock
-
- ▶ Foreigner can possess 100% of shares of their own company in Iran

How to secure transactions in Iran

- ▶ Written agreement which signed by signature authority of the company
- ▶ Promissory notes and checks
- ▶ Registering transactions before notary public reduce civil proceeding costs
- ▶ Secured transaction

The legal process for collecting on debts

- ▶ To send legal notice
- ▶ Arbitration
- ▶ Court
- ▶ If we have check and promissory notes, it will be different

Requirements for doing business in Iran

- ▶ Requirements under Labor Law
- ▶ Requirements under criminal law
- ▶ Requirements under tax law

Litigation costs in Iran

- ▶ SHORA (similar to peace court)
- ▶ Court of first instance
- ▶ Appeals court
- ▶ Supreme court

Rules of evidence with priority in Iran

- ▶ To admit before official bodies
- ▶ Deed under seal
- ▶ Deed under private seal
- ▶ Witness' testimony
- ▶ Extraneous evidence
- ▶ Official oath

How best to enforce contracts in Iran

- ▶ Property surety
- ▶ Check and promissory notes
- ▶ Bank guaranty
- ▶ Performance bond
- ▶ To bind contracts by a notary public;

Case studies

- ▶ Russian company
- ▶ Indian businessman
- ▶ Sweden company

Helpful tips

- ▶ Having a lawyer for handling all registration process, specially in renting a flat because we had bad experience when an Emirati company was going to handle this matter on its own hand.
- ▶ Conducting due diligence on firms you want to enter into a contract with them. Specially site visit and corporate record;
- ▶ Considering possibility and costs for obtaining special license for doing business in Iran. It is notable some activities like importing goods into Iran needs Iranian business card also importing some goods like pharmaceutical goods needs obtaining license from ministry of health of Iran.



DOING BUSINESS IN IRAN

Background on U.S. Sanctions and Iran

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AGENDA

- Overview of the Office of Foreign Assets Control
- U.S. sanctions against Iran
- Why sanctions compliance matters
- JCPOA
- Look ahead

OFFICE OF FOREIGN ASSETS CONTROL

- U.S. Department of the Treasury
- Enforces and administers economic sanctions
 - Comprehensive programs
 - List-based programs (SDN List)



O F A C

Office of Foreign Assets Control

COMPREHENSIVE SANCTIONS

- Cuba, Iran, Syria, North Korea, the Crimea



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LIST-BASED SANCTIONS

- Narcotics Traffickers
- Terrorists
- Weapons of Mass Destruction Proliferators
- Transnational Organized Criminals
- Venezuela, Yemen, Central African Republic...



U.S. SANCTIONS ON IRAN

Active Executive Orders

- 12957 (1995)
- 12959 (1995)
- 13059 (1997)
- 13224 (2001)
- 13382 (2005)
- 13553 (2010)
- 13599 (2012)
- 13606 (2012)
- 13608 (2012)
- 13628 (2012)
- 13716 (2016)

General Prohibitions

- Importation of goods or services
- Exportation, reexportation, sale or supply of goods, technology or services
- Trade-related transactions with Iran
- Facilitation by U.S. persons
- Dealings with the Government of Iran or Iranian financial institutions

Acts

- Iran Sanctions Act of 1996
- Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010
- Section 1245 of the National Defense Authorization Act for FY2012
- Iran Threat Reduction and Syria Human Rights Act of 2012
- Iran Freedom and Counter-Proliferation Act of 2012
- Hizballah International Financing Prevention Act of 2015

OFAC Regulations

- 31 CFR Part 535 - Iranian Assets Control
- 31 CFR Part 560 - Iranian Transactions and Sanctions
- 31 CFR Part 561 - Iranian Financial Sanctions
- 31 CFR Part 562 - Iranian Human Rights Abuses Sanctions
- 31 CFR Part 566 - Hizballah Financial Sanctions
- 31 CFR Part 594 - Global Terrorism Sanctions
- 31 CFR Part 595 - Terrorism Sanctions
- 31 CFR Part 596 - Terrorism List Governments Sanctions
- 31 CFR Part 597 - Foreign Terrorist Organizations Sanctions
- 31 CFR Part 539 - Weapons of Mass Destruction Trade Control
- 31 CFR Part 544 - Weapons of Mass Destruction Proliferators Sanctions



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DOES THIS APPLY TO ME?

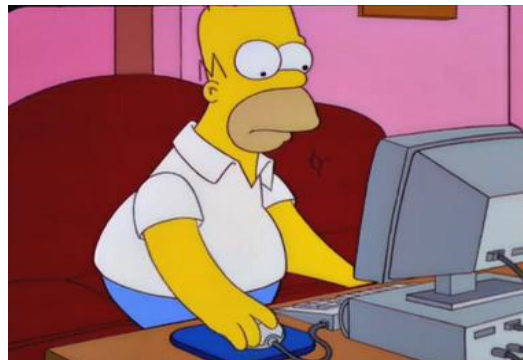
- U.S. Persons (entities and individuals)
- Foreign Branches of U.S. persons
- Parties Dealing in U.S. Dollars
- Non-U.S. Persons Using U.S.-based Services, Goods, Technology



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WHERE DO I LOOK?

- Specially Designated Nationals and Blocked Persons (SDN) List
- Location of all transactional parties



<https://sdnsearch.ofac.treas.gov/>

DO I LOOK BEYOND THE LISTS?



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50 PERCENT RULE



Original Rule: an entity that is 50 percent or greater **owned by a blocked person** is itself considered to be blocked person



Expanded: an entity that is 50 percent or greater **directly or indirectly owned by one or more blocked persons** is itself considered to be blocked

WHO IS A BLOCKED PERSON?

- Entities and individuals on the SDN List, including the entities these designees own
- Comprehensive sanctions programs – the entities that are owned or controlled by the respective governments are blocked



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WHY DOES THIS MATTER?

- Civil penalties up to \$289,238 or twice of the value of each violating transaction
- Criminal penalties for willful violations – up to \$1 million and 20 years of imprisonment



JOINT COMPREHENSIVE PLAN OF ACTION

- *Some* secondary sanctions were lifted
- Removal of 400 Iranian individuals and entities from the SDN List
- Licensing for three categories of activity



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SECONDARY SANCTIONS

- Target activity entirely outside U.S. jurisdiction
 - Lifted
 - Financial and banking-related
 - Insurance
 - Energy and petrochemical sectors
 - Shipping and shipbuilding sectors and port operators
 - Gold and other precious metals
 - Software and metals
 - Automotive sector
 - Remaining
 - Iranians on the SDN List

JCPOA LICENSES

- Commercial Passenger Aircraft (Statement of Licensing Policy)
General License I (Executory Contracts)
- U.S.-owned or –controlled foreign entities
(General License H)
 - *No connection to the United States
- Importation and dealings in carpets and food (31 CFR §560.534)
 - *No L/C services



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LOOKING TO THE FUTURE...

➤ “Snapback”



- Proposed legislation
 - Iran Nonnuclear Sanctions Act of 2017
 - IRGC Terrorist Designation Act
 - Iran Ballistic Missile Sanctions Act

CONCLUSION

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