

## 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 E.O. 13871 do?

[E.O. 13871](#) authorizes sanctions with respect to the iron, steel, aluminum, and copper sectors of Iran.

Section 1 of E.O. 13871 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 E.O. 13871 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 E.O. 13871 contain exceptions, definitions, and other implementing provisions related to the sanctions. [08-06-2019]

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### 667. When does E.O. 13871 become effective?

[E.O. 13871](#) became effective upon signing. [08-06-2019]

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

Persons engaged in transactions that could be sanctioned under [E.O. 13871](#) had a 90-day period after the issuance of E.O. 13871 to wind down those transactions without exposure to sanctions under E.O. 13871. Those persons were advised to take the necessary steps to wind down transactions by the end of the 90-day wind-down period to avoid exposure to sanctions, and that entering into new business that would be sanctionable under the E.O. on or after May 8, 2019 will not be considered wind-down activity and could be sanctioned even during the wind-down period. The wind-down period expires on August 6, 2019. [08-06-2019]

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**669. Does E.O. 13871 expand upon existing sanctions relating to trade with Iran in certain raw and semi-finished metals, such as aluminum and steel?**

Yes. [E.O. 13871](#) 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)(I)(B) or (C) of IFCA.

In addition, E.O. 13871 explicitly targets the iron and copper sectors of Iran. [08-06-2019]

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**670. Are there exceptions to the sanctions imposed under E.O.13871?**

Yes. The sanctions authorized under [E.O. 13871](#) 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. [08-06-2019]

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**682. What does the August 06, 2019 regulatory amendment related to E.O. 13871 do?**

The regulatory amendment: (i) implements the correspondent or payable-through account sanctions set forth in section 2 of [E.O. 13871](#) by incorporating those provisions in the Iranian Financial Sanctions Regulations, 31 C.F.R. part 561 (IFSR); (ii) renames the Iranian Human Rights Regulations, 31 C.F.R. part 562, as the Iranian Sector and Human Rights Abuses Sanctions Regulations (ISHR); and (iii) implements the blocking sanctions set forth in section 1 of E.O. 13871 by incorporating those provisions in the ISHR. [08-06-2019]

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**671. How are the terms “significant transaction or transactions; significant financial services; significant financial transaction” interpreted for purposes of correspondent or payable-through account sanctions set forth in section 2 of E.O. 13871?**

The interpretation of “significant transaction or transactions; significant financial services; significant financial transaction,” as described in the correspondent account sanctions in the IFSR, provides that the Department of the Treasury may consider the totality of the facts and circumstances and sets 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. (31 C.F.R. § 561.404). [08-06-2019]

**683. How is the term “significant transaction or transactions” interpreted for purposes of blocking sanctions set forth in section 1 of E.O. 13871?**

The interpretation of “significant transaction or transactions,” as described in the ISHR provides that the Department of the Treasury may consider the totality of the facts and circumstances and sets forth a list of broad factors that can play a role in the determination whether transactions are significant, including: (a) the size, number, and frequency of the transactions; (b) the nature of the transactions, or the goods or services for sale, supply, or transfer, 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 person that engaged in the transactions and the prohibited activities in sections 1(a)(ii) and 1(a)(iii) of [E.O. 13871](#); (e) the impact of the transactions on the objectives of E.O. 13871; (f) whether the transactions attempt to obscure or conceal the actual parties or true nature of the transactions, or evade sanctions; and (g) other relevant factors that the Secretary of the Treasury deems relevant. (31 C.F.R. § 562.407). [08-06-2019]

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**684. What is the definition of the “iron sector of Iran”?**

The term *iron sector of Iran* means the mining, refining, processing, or manufacturing of iron or iron products in Iran. (31 C.F.R. § 561.336; 31 C.F.R. § 561.317). [08-06-2019]

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**685. What is the definition of the “steel sector of Iran”?**

The term *steel sector of Iran* means the iron-ore smelting, ferrous-scrap melting, refining, processing, or manufacturing of steel or steel products in Iran. (31 C.F.R. § 561.337; 31 C.F.R. § 562.318). [08-06-2019]

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**686. What are the definitions of “iron, iron products, steel, and steel products”?**

The terms *iron*, *iron products*, *steel*, and *steel products* mean any raw, semi-fabricated, fabricated, or finished form of iron, iron alloy, alloy steel, non-alloy steel, ferroalloys, pig iron, and spiegeleisen of all grades, sizes, and thicknesses, whether or not clad, plated, or coated, including in the following forms: iron ores and concentrates, including roasted iron pyrites; pigs and blocks; ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps or pellets; granules and powders; ingots, blooms billets, slabs, and beam blanks; flat-rolled products (plates, sheets, strips, and foils) either cut-to-length or in coils; bars and rods; structural profiles (beams, channels, angles, and other shapes); sheet piling; railway or tramway track construction materials; tubes, pipes, and hollow profiles; tube or pipe fittings; reservoirs, tanks, vats, and similar containers; wire, stranded wire, ropes, cables, and plaited band; castings, stampings, and forgings; and ferrous waste and scrap, including slag. (31 C.F.R. § 561.335; 31 C.F.R. § 562.316). [08-06-2019]

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**687. What is the definition of the “aluminum sector of Iran”?**

The term *aluminum sector of Iran* means the mining, refining, processing, or manufacturing of aluminum or aluminum products in Iran. (31 C.F.R. § 561.332; 31 C.F.R. § 562.313). [08-06-2019]

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**688. What are the definitions of “aluminum” and “aluminum products”?**

The terms *aluminum* and *aluminum products* mean any raw, semi-fabricated, fabricated, or finished form of aluminum or aluminum alloy of all grades, sizes, and thicknesses, including in the following forms: ores and concentrates (e.g., bauxite and alumina); unwrought aluminum including ingots, slabs, and billets; powders and flakes; wrought aluminum including bars, rods, profiles, plates, sheets, strip, foil, tubes, and pipes; tube or pipe fittings; reservoirs, tanks, vats, and similar containers; wire, stranded wire, ropes, cables, and plaited band; castings, stampings, and forgings; waste and scrap, including slag, and any aluminum and aluminum products produced from the melting or recycling of aluminum scrap. (31 C.F.R. § 561.331; 31 C.F.R. § 562.312). [08-06-2019]

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**689. What is the definition of the “copper sector of Iran”?**

The term *copper sector of Iran* means the mining, refining, processing, or manufacturing of copper or copper products in Iran. (31 C.F.R. § 561.334; 31 C.F.R. § 562.314). [08-06-2019]

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**690. What are the definitions of “copper” and “copper products”?**

The terms *copper* and *copper products* mean any raw, semi-fabricated, fabricated, or finished form of copper or copper alloy of all grades, sizes, and thicknesses, including in the following forms: ores and concentrates; copper mattes; cement copper (precipitated copper); refined, unrefined, wrought, or unwrought copper; billets; cathodes; bars, rods, profiles, plates, sheets, strips, foil, tubes, and pipes; tube and pipe fittings; powders and flakes; reservoirs, tanks, vats, and similar containers; wire, stranded wire, ropes, cables, and plaited band; castings, stampings, and forgings; and waste and scrap, including slag. (31 C.F.R. § 561.333; 31 C.F.R. § 562.314). [08-06-2019]