

To: Our Clients and Friends

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NEW UN SANCTIONS FURTHER TARGET IRAN'S MILITARY AND NUCLEAR ACTIVITIES

On June 9, 2010, the United Nations Security Council passed a fourth round of sanctions against Iran over its nuclear program. UNSCR 1929, which passed by a vote of 12 to 2 (with one abstention), reaffirms previous resolutions issued against Iran, including:

- **UNSCR 1737** – Passed on December 23, 2006, this resolution imposed sanctions on Iran by banning trade of all items or technology that could contribute to Iran's efforts to acquire or develop nuclear materials for weapons, or to its development of nuclear weapon delivery systems. In addition, the resolution contained a list of persons and companies in Iran engaged in such activities and directed member states to freeze their assets. Finally, the resolution set up a new committee to monitor compliance with these new sanctions.
- **UNSCR 1747** – Passed on March 24, 2007, this resolution expanded the sanctions imposed by UNSCR 1737 by banning Iranian exports of arms or related materiel and by adding 28 individuals and entities to the list of those individuals and entities whose assets are to be frozen. The resolution also called upon members not to enter into new commitments for grants, financial assistance, and concessional loans to the Government of the Islamic Republic of Iran, except for humanitarian and developmental purposes.
- **UNSCR 1803** – Passed on March 3, 2008, this resolution further expanded the sanctions against Iran by (a) calling upon States to inspect cargo going to or coming from Iran on Iran Air Cargo or the Islamic Republic of Iran Shipping Lines ("IRISL") where there are reasonable grounds to believe that such cargo may contain nuclear material and (b) limiting the import of dual use technology into Iran. The resolution also directed member states to impose travel bans on five individuals previously listed in, and subject to the assets freeze required by UNSCR 1737 and UNSCR 1747, and directed member states to impose asset freezes on 25 more individuals and entities not previously listed.

UNSCR 1929 reaffirms these previous sanctions and further calls upon member states to adopt new measures to impair Iran's access to military- and nuclear-related goods and technology. In particular, the resolution directs member States to take significantly expanded actions against Iran in the financial sector and with respect to prohibited Iranian cargo.

Previously, UNSCR 1803 directed member states to "exercise vigilance" with respect to transactions by their financial institutions with Iranian banks where such transactions could contribute to nuclear proliferation or nuclear weapons delivery systems. UNSCR 1929 directs member states to "prevent" the provision of such financial services, including insurance and reinsurance. The resolution specifically requires member states to freeze assets related to such programs that come into their jurisdiction and to apply enhanced monitoring of all financial transactions. The most significant impact of UNSCR 1929 may, thus, be on U.S. financial institutions. Although U.S. financial institutions, like other U.S. persons and entities, are forbidden from engaging in most transactions with Iran, these enhanced monitoring requirements may impose additional obligations with respect to all financial transactions.

Even more significantly, UNSCR 1929 expands upon the provisions of UNSCR 1803 with respect to cargo inspection. Under UNSCR 1803, member states were required to inspect cargo to and from Iran on IRISL or Iran Air Cargo where they had reason to believe that the cargo contained items prohibited under UNSCRs 1737, 1747 or 1803. Resolution 1929, in contrast, contains a number of broader obligations. Member states are, among other things

- Required to cooperate with inspections of their own flag ships by other states where there are grounds to believe those ships are carrying prohibited cargo;
- Permitted to seize and dispose of prohibited Iranian cargo;
- Required to report to the UN committee established under UNSCR 1737 the results of all cargo inspections under UNSCR 1929;
- Forbidden from providing bunkering services to Iranian-owned or –chartered vessels suspected of carrying contraband until such time as the cargo has been inspected, seized and disposed of as necessary; and
- Required to communicate to the sanctions compliance committee all actions taken by IRISL to avoid or evade sanctions, including transferring, re-naming or re-registering aircrafts, ships and vessels.

Finally, the resolution added 41 more individual and entities, including some owned and controlled by IRISL and Iran’s Islamic Revolutionary Guard Corps, not previously sanctioned in the three earlier resolutions.

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