

Client Alert: Tentative Easing of Iran Sanctions Begins

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On June 22, 2026, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued a new Iran-related [General License X](#) (the "General License") temporarily authorizing a broad range of transactions involving Iranian-origin crude oil, petroleum products, and petrochemical products. The General License represents the most significant easing of U.S. sanctions on Iran since the United States withdrew from the Joint Comprehensive Plan of Action (JCPOA) and reimposed sanctions in 2018. It follows and is pursuant to the Memorandum of Understanding signed by the United States and Iran on June 17, 2026 (the "U.S.-Iran MOU") aimed at extending the current ceasefire and advancing negotiations toward a broader diplomatic reset.

The General License is issued pursuant to the numerous sanctions regulations and Executive Orders targeting Iran and Iranian institutions. Thus, unlike some other OFAC General Licenses, it appears that OFAC is not intending to exclude transactions that involve Iranian entities that are targeted not just under the Iranian Transactions and Sanctions Regulations (31 C.F.R. Part 560) but also under other OFAC sanctions regimes, such as the counter proliferation sanctions. The General License currently authorizes transactions through 12:01 a.m. eastern daylight time on **August 21, 2026**.

Key Authorizations

The General License authorizes transactions ordinarily incident and necessary to:

- The production, sale, delivery, or offloading of Iranian-origin crude oil, petroleum products, and petrochemical products
- The importation into the United States of Iranian-origin crude oil, petroleum products, and petrochemical products
- Transactions involving vessels blocked under the sanctions programs referenced in the General License
- Associated shipping, logistics, insurance, and transportation services
- Related financial transactions, including payments to Iran, the Government of Iran or any other blocked parties in U.S. dollars, processed through U.S. financial institutions

The General License appears intended to be a first step in the stated goal of resuming lawful trade with Iran's petroleum sector while broader negotiations continue regarding curtailment of Iran's nuclear program and a host of other issues addressed in the U.S.-Iran MOU.

Important Limitations and Exclusions

Although broad, the General License provides only temporary and targeted relief focused on Iran's petroleum sector.

- The authorization expires on **August 21, 2026**. The U.S.-Iran MOU expressly contemplates that the 60-day negotiation period thereunder could be extended with mutual consent, in which case the term of the General License could likewise be extended.
- The authorization excludes transactions involving:
 - Persons located in or organized under the laws of Cuba, North Korea, Crimea, or the so-called Donetsk People's Republic or Luhansk People's Republic, or any entity that is owned or controlled by or in a joint venture with such persons
 - Activities prohibited by sanctions programs not referenced in the General License
- The General License does not remove any parties from the SDN List.

The short duration of the General License has significant practical implications. Many transactions involving Iranian petroleum will require advance planning, including for third-party diligence, contract negotiation, financing arrangements, etc. As a result, the immediate practical beneficiaries of the authorization are likely to be non-U.S. companies with established commercial relationships and trading channels with Iranian counterparties, rather than U.S. companies or other new market entrants.

The relatively short duration of the authorization is also likely to contribute to continued "overcompliance" and "de-risking" behavior by U.S. financial institutions, as well as foreign financial institutions with significant exposure to U.S. jurisdiction. Accordingly, while the authorization is highly significant as a policy matter, it may not result in a substantial increase in U.S.-linked purchases of Iranian petroleum products during the initial authorization period.

Companies relying on the General License should continue to conduct sanctions screening and transaction due diligence to ensure that contemplated transactions are entirely within the scope of authorized transactions.

Secondary Sanctions

Although OFAC has not yet issued Frequently Asked Questions addressing the secondary sanctions implications of the General License, OFAC has repeatedly advised in other contexts that non-U.S. persons generally do not risk exposure to U.S. secondary sanctions for engaging in activities that are authorized for U.S. persons pursuant to an OFAC general or specific license.

Accordingly, non-U.S. companies participating in transactions that are not subject to OFAC jurisdiction, but that are within the scope of activities authorized by the General License, will face greatly reduced secondary sanctions risk. This may be particularly significant for foreign traders, shipping companies, insurers and

	others that have historically avoided otherwise lawful Iran-related transactions due to the secondary sanctions exposure. Compliance Considerations Several practical questions remain unanswered pending further guidance from OFAC, including: • How durable will this General License (and further sanctions easing) be, given that developments on the ground in Lebanon, and other potential complications relating to matters subject to further negotiation pursuant to the U.S.-Iran MOU present significant uncertainty? • To what extent will U.S. financial institutions begin processing authorized transactions involving Iranian petroleum trade without some longer-term easing? • Whether there will be further easing of sanctions, as contemplated under the U.S.-Iran MOU, and if so, what will be next for sanctions easing? Historically, even where OFAC has broadly authorized transactions through general licenses, many necessary participants, especially banks, frequently adopt a more conservative approach until additional guidance or longer-term easing is issued. As a result, the commercial impact of the authorization could develop more slowly than the text of the General License alone would suggest. Companies contemplating transactions involving Iranian petroleum products should carefully review the General License and consult counsel before proceeding. Bottom Line The new General License represents a substantial, albeit temporary, relaxation of longstanding U.S. sanctions on Iran's petroleum sector. The authorization appears designed to support ongoing negotiations while allowing the Administration to reimpose restrictions quickly if circumstances change. At least initially, the principal beneficiaries, in addition to Iran, are likely to be non-U.S. companies with preexisting commercial relationships involving Iranian petroleum trade, rather than new market entrants. Even so, the authorization should provide a significant boon to Iran's economy and represents the biggest development in sanctions relief for Iran in many years. For further guidance on how these changes may affect your operations, please contact Michelle Roberts at mroberts@bcrlaw.com.

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