



JANUARY 17, 2020

CIRCULAR NO. 04/20

TO MEMBERS OF THE ASSOCIATION

Dear Member:

AUTHORIZATION ISSUED PROVIDING FOR 90-DAY WIND-DOWN PERIOD FOR PRE-JANUARY 10, 2020 CONTRACTS WITH IRAN

Reference is made to **Club Circular 02/20** of January 10, 2020 informing Members of the imposition of additional US sanctions against Iran, effective from that date. The additional sanctions may be imposed against any individual owning, operating, trading with, or assisting sectors of the Iranian economy including construction, manufacturing, textiles, and mining. As a result, trade with Iran in almost all industry sectors is now prohibited for US, as well as non-US persons, except for trade in medicine/medical items and food and agricultural commodities.

The US Treasury's Office of Foreign Assets Control (OFAC) has issued, in the form of an FAQ, a general license which permits the completion, performance and wind-down of now prohibited pre-January 10, 2020 contracts through April 9, 2020. The OFAC wording is as follows:

816. Is there a wind-down period for Executive Order 13902, "Imposing Sanctions with Respect to Additional Sectors of Iran" (E.O. 13902)?

Persons engaged in transactions that could be sanctioned under E.O. 13902 with respect to the construction, mining, manufacturing, and textiles sectors of the Iranian economy have a 90-day period after the issuance of E.O. 13902 to wind down those transactions without exposure to sanctions under E.O. 13902. Such persons should take the necessary steps to wind down transactions by the end of the 90-day wind-down period to avoid exposure to sanctions, and be aware that entering into new business that would be sanctionable under the E.O. on or after January 10, 2020 will not be considered wind-down activity and could be sanctioned even during the wind-down period. The wind-down period with respect to the construction, mining, manufacturing, and textiles sectors expires on April 9, 2020. [01-16-2020]

Questions and Guidance

Your Managers will keep abreast of developments regarding the implementation of the additional sanctions against Iran and inform Members of developments of significance. Members are reminded that, pursuant to American Club rules, there is no cover for voyages where the extension of cover would violate or pose a risk of violating sanctions prohibitions, and also that causing a violation could entail the imposition of sanctions or penalties. Members are accordingly reminded to conduct additional sanctions due diligence to ensure their own and the American Club's compliance with relevant prohibitions.



Should Members have any questions or need additional guidance regarding the above, sanctions in general, or for confirmations as to the availability of cover for voyages involving countries (Iran, Syria, Cuba, North Korea, Russia, the Crimea region of Ukraine, Venezuela), entities and individuals subject to US economic sanctions (designated entities and individuals appearing on the OFAC SDN List), please contact: Daniel A. Tadros, Chief Legal Officer, ph +1 212 847 4501, mob +1 504 460 7226, daniel.tadros@american-club.com, or Charles J. Cuccia, Senior Vice President - Compliance, ph +1 212 847 4539, mob +1 917 215 2883.

Yours faithfully,


Joseph E. M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB

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