



NOVEMBER 29, 2018

CIRCULAR NO. 45/18

TO MEMBERS OF THE ASSOCIATION

Dear Member:

IRAN SANCTIONS: THE DIRECT OR INDIRECT SALE, SUPPLY, OR TRANSFER TO OR FROM IRAN OF GRAPHITE, RAW OR SEMI-FINISHED METALS, SUCH AS ALUMINUM AND STEEL, COAL, AND SOFTWARE FOR INTEGRATING INDUSTRIAL PROCESSES.

In **Club Circular 41/18** of November 6, 2018 Members were informed of the reimposition of US secondary sanctions against Iran. This included, *inter alia*, sanctions on the direct or indirect sale, supply, or transfer to or from Iran of graphite, raw, or semi-finished, metals such as aluminum and steel, coal, and software for integrating industrial processes. This provision is conditional upon a US government determination regarding the use of materials by Iran. The details of this provision, in relevant part, are as follows:

(1) IN GENERAL- The President shall impose 5 or more of the sanctions described in section 6(a) of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note) with respect to a person if the President determines that the person knowingly, on or after the date that is 180 days after the date of the enactment of this Act, sells, supplies, or transfers, directly or indirectly, to or from Iran—

(A) a precious metal;

(B) a material described in subsection (d) (e.g., coal, iron ore) determined pursuant to subsection (e)(1) to be used by Iran as described in that subsection;

Determination With Respect to Use of Materials- Not later than 180 days after the date of the enactment of this Act, and every 180 days thereafter, the President shall submit to the appropriate congressional committees and publish in the Federal Register a report that contains the determination of the President with respect to—

(1) whether Iran is—

(A) using any of the materials described in subsection (d) as a medium for barter, swap, or any other exchange or transaction; or

(B) listing any of such materials as assets of the Government of Iran for purposes of the national balance sheet of Iran.



In response to the Club's request for guidance and clarification, it has recently been advised by the US Department of State that the US Government has made no determination with respect to the use of materials. Due to the absence of such determination, sanctions on the direct or indirect sale, supply, or transfer to or from Iran of graphite, raw, or semi-finished, metals such as aluminum and steel, coal, and software for integrating industrial processes do not apply and are not in force, as was previously apprehended to be the case.

Consequently, the direct or indirect sale, supply, or transfer to or from Iran of graphite, raw, or semi-finished, metals such as aluminum and steel, coal, and software for integrating industrial processes may be permissible and insurance cover in respect thereof may be available from the Club depending on all the facts of a particular voyage. The American Club will provide confirmations as to the availability of cover upon disclosure by Members of all the details of a contemplated voyage.

Members are reminded that pursuant to American Club rules there is no cover for unlawful voyages or 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 proceed with extreme caution in dealing with or involving Iran and Iranian entities and to conduct additional sanctions compliance due diligence to ensure their own and the American Club's compliance with applicable sanctions prohibitions.

Should Members wish to discuss any questions or need additional guidance regarding any aspect of the foregoing or other 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 (presently only SDNs)) or Russian and other entities or individuals subject to U.S. economic sanctions (e.g., OFAC SDN List), they should contact: Charles J. Cuccia, Senior Vice President - Compliance, ph +1 212 847 4539, mob +1 917 215 2883, charles.cuccia@american-club.com.

Yours faithfully,

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