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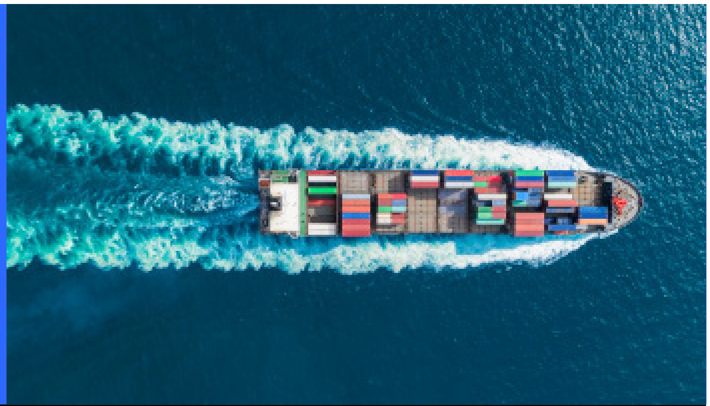

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Snap Decision: Renewed Global Iran Sanctions and Increased Risks for Business

Gibson Dunn is available to advise clients as they navigate the evolving Iran sanctions landscape, including by developing compliance assessments, tailored internal procedures, license applications, government engagement strategies, and transactional due diligence.

After a decade of multilateral sanctions relief under the 2015 Iran Nuclear Deal (the Joint Comprehensive Plan of Action – JCPOA), broad UN sanctions against Iran were reimposed on September 28, 2025. While this action was broadcast long in advance given Iran's public non-compliance with its commitments under the JCPOA – it is nonetheless a sea change in risk for companies. While many firms had long since ended their engagements with Iran after the United States departed the Iran Nuclear Deal in 2018 and President Trump ordered a maximum pressure campaign on Iran, the reimposition of the UN's sanctions represents a substantial increase in sanctions restrictions, imposes newly-meaningful risks of enforcement from regulators around the world, and counsels businesses to closely review their *direct and indirect* exposures to Iran-related trade.

Because UN sanctions are implemented by member states, the most significant change brought about by the snapback will be seen in the domestic imposition of the renewed restrictions. In this regard, the European Union and the United Kingdom have moved to the forefront of altering their sanctions regulations. Both jurisdictions acted swiftly to implement the new sanctions – some with immediate effect and others with very limited wind-down allowances. The combination of UN, UK, EU, and U.S. measures and the increasing appetite for enforcement of sanctions violations not just in the U.S. but also across the UK and the EU's member states, creates a complex and highly restrictive environment which poses regulatory peril.

1. UN Sanctions: Historic Tools

The reimposed UN sanctions restore measures pursuant to six UN Security Council Resolutions adopted between 2006 and 2010: Resolutions 1696 (2006), 1737 (2006), 1747 (2007), 1803 (2008), 1835 (2008), and 1929 (2010). These resolutions addressed threats posed by Iran's nuclear, ballistic missile, conventional arms, and regionally destabilizing activities via its support for terror proxy groups.

The reimposed UN measures include export controls, mainly targeting military and nuclear-related goods, software, and technology, financial and trade restrictions related to nuclear and missile programs, restrictions on banking activities and investment controls targeting Iran's proliferation-sensitive sectors, powers to seize weapons and other prohibited cargo being transferred by Iran to state and non-state actors, as well as asset freeze measures targeting individuals and entities.

2. EU Response: Sweeping Reinstatement of Trade and Financial Restrictions

The European Union restored its entire pre-JCPOA nuclear-related sanctions regime, including an embargo on Iranian oil exports and substantial restrictions on the Iranian financial sector. This marks a significant shift in the EU sanctions policy on Iran. Until the snapback, the EU had committed to complying with the JCPOA and, via its Blocking Statute (which prohibits EU actors from complying with the U.S. embargo on Iran), encouraged its businesses to at least contemplate Iran-related activities.

a. Key Measures Restored under EU Nuclear-related Sanctions

The EU has moved rapidly to reimpose pre-JCPOA sanctions—comprising of UN measures which had previously been transposed into EU law, as well as EU autonomous measures—reintroducing them verbatim. The result is one of the most restrictive sanctions regimes the EU has maintained in the past decade.

I. Asset Freeze Measures

The EU implemented UN-mandated designations reimposed through Council Implementing Regulation (EU) 2025/1982, as well as autonomous EU designations restored via Council Implementing Regulation (EU) 2025/1980.

The EU designated several Iranian banks and entities in key sectors of the Iranian economy including Bank Melli, the Central Bank of Iran, the National Iranian Oil Company and various subsidiaries, the National Iranian Tanker Company, Naftiran Intertrade Company, the Ministry of Energy, the Ministry of Petroleum, among many others.

II. Trade Sanctions

The EU reimposed sweeping trade, financial, investment, and transport restrictions via amendments to Regulation (EU) No 267/2012 implemented by Council Regulation (EU) 2025/1975. These measures include, among others:

- A prohibition on the import, purchase and transfer of Iranian crude oil, natural gas, petrochemical products, and petroleum products, as well as related services, and a prohibition on swapping Iranian natural gas;
- A prohibition on the sale, supply, transfer and export of dual-use items, key equipment used in the energy sector and the petrochemical industry, key naval equipment or technology for shipbuilding, maintenance or refit (including items used in the construction of oil tankers);
- A prohibition on the sale, supply, transfer and export of Enterprise Resource Planning software, designed specifically for use in nuclear, military, gas, oil, navy, aviation, financial and construction industries;
- A prohibition on the sale, supply, transfer or export of graphite and raw or semi-finished metals;
- A ban on all trade in gold, precious metals, and diamonds;
- A prohibition on granting any financial loan or credit to, acquire or extend a participation in, or create a joint venture with, certain Iranian persons or entities, e.g. those involved in the exploration or production of crude oil and natural gas, the refining of fuels or the liquefaction of natural gas;
- Correspondent banking prohibitions;
- A prohibition on the transfer of funds between EU financial and credit institutions and Iran-domiciled financial and credit institutions and bureaux de change domiciled in Iran, including their branches and subsidiaries, and similar institutions non-Iran domiciled but controlled by the above (note: transfer restrictions are complex, and subject to various notification or authorization requirements);
- Stringent conditions on the transfer of funds to and from any Iranian person;
- A prohibition on the sale or purchase public or public-guaranteed bonds issued after September 30, 2025 by the Iranian government and other Iranian financial institutions, and those acting on behalf or at the direction of the latter;
- Measures to prevent access to EU airports of Iranian cargo flights, and to prohibit the maintenance and service of Iranian cargo aircraft or vessels carrying prohibited items.

Certain restrictions are subject to short-lived wind-down periods (expiring on January 1, 2026) for pre-existing contracts. Note, in EU sanctions regulations the term “contract” refers to a binding commitment which contains all agreed terms including the parties, price, quantities, delivery dates, modalities of execution, etc. Mere framework agreements are typically not considered “contracts.” Purchase orders are not “ancillary contracts.”

While it has already acted in excess of what the UN snapback required, the EU has signaled a willingness to increase the pressure on Iran even further if the situation demands it (e.g. in response to any continued global destabilizing activities orchestrated by Iran).

III. Implications for the EU Blocking Statute

Despite restoring the EU nuclear-related sanctions regime on Iran, the EU did not make any amendments to the EU Blocking Statute laid down in Regulation (EC) 2271/96. This means that certain extraterritorial sanctions of the U.S. on Iran inconsistent with the EU's own sanctions remain formally prohibited to be complied with by EU operators.

Nevertheless, the restored EU sanctions regime has significantly diminished the practical significance of the EU Blocking Statute as the regime now contains numerous measures that mimic U.S. rules. While there have been a very small number of cases of enforcement of the EU Blocking Statute, the newly reimposed sanctions will likely make the Statute mostly symbolic of the EU's commitment to an independent Iran sanctions policy (while it remains significant insofar as U.S. sanctions on Cuba are concerned). Even if there is a violation – which will be hard to demonstrate given that the EU's restrictions are now broadly parallel with the United States' – enforcement appetite for pursuing such cases will likely be very limited.

3. UK Response: Rapid Implementation and New Designations

The United Kingdom also moved quickly to operationalize the snapback and signal London's policy-shift towards Iran – moving to an even more aggressive footing than the snapback required. In line with its obligations as a UN Member State, the United Kingdom reimposed sanctions on 121 individuals and entities involved in Iran's nuclear and ballistic missiles program, and amended its Iran (Sanctions) (Nuclear) (EU Exit) Regulations 2019 accordingly. The UK government also unilaterally designated 71 individuals and entities not subject to UN restrictions. The United Kingdom sanctioned a number of Iranian banks and targeted Iran's most profitable sectors by designating entities such as Naftiran Intertrade Company, the National Iranian Oil Company and various subsidiaries, the National Iranian Tanker Company, the North Drilling Company, Mazandaran Cement Company, the Iran Aluminum Company, among many others. Even government ministries – the Ministry of Energy and the Ministry of Petroleum were designated.

By virtue of being designated, funds and assets of the sanctioned persons that come within UK jurisdiction are frozen, and those subject to UK jurisdiction are generally prohibited from dealing with funds or assets of sanctioned parties and their majority owned or controlled subsidiaries, unless authorized or exempt.

Recognizing that businesses need time to exit existing arrangements, the UK Office of Financial Sanctions Implementation (**OFSI**) has issued four general licenses allowing certain limited wind-down activities. These licenses are short-lived by design:

- General License (**GL**) INT/2025/7345464 – UK-based Iranian banks: Permits wind-down or divestment of transactions involving Bank Melli, Bank Saderat Iran, Bank Tejarat, and Persia International Bank Plc. This GL expires on November 12, 2025 at 23:59. A six-year recordkeeping requirement applies.

- GL INT/2025/7345664 – Iranian banks worldwide: Covers a broader set of Iranian financial institutions including Arian Bank, Bank Mellat, Bank Refah Kargaran, and others. This GL expires October 28, 2025 at 23:59. A six-year recordkeeping requirement applies.

- GL INT/2025/7345264 – UK-based firms: Permits wind-down of transactions involving Iran Insurance Company and National Iranian Oil Company International Affairs Ltd. This GL expires on October 28, 2025 at 23:59. A six-year recordkeeping requirement applies.

- GL INT/2025/7363752 – Shah Deniz Project: Allows non-designated parties and UK institutions to continue supporting the Shah Deniz Unincorporated Joint Venture under strict conditions. No direct payments to Naftiran Intertrade Company are permitted; any Naftiran Intertrade Company-related payments must be routed through offset or special purpose arrangements. This GL expires on October 28, 2025 at 23:59. A six-year recordkeeping requirement applies.

The UK government has indicated that it intends to introduce legislation to impose even further measures in line with its partners. Such new measures are expected to target finance, energy, shipping, software, and other significant industries which are advancing Iran's nuclear program.

4. U.S. Position: Comprehensive Sanctions and Maximum Pressure Campaign

Unlike the United Kingdom and European Union, the United States has imposed comprehensive sanctions on Iran continuously for decades (including while the United States was still a party to the JCPOA). Indeed, beyond welcoming the recent snapback, earlier this year the current Trump administration restored its "maximum pressure" campaign against Iran.

As part of its efforts to tighten the screws on Tehran, the U.S. government has announced numerous waves of Iran-related sanctions over the past months. In July 2025, the U.S. Department of the Treasury's Office of Foreign Assets Control (**OFAC**) designated networks smuggling Iranian oil disguised as Iraqi oil, targeting over 145 individuals, entities, and vessels—the largest Iran sanctions package since 2018. In October 2025, OFAC sanctioned a further 50 additional individuals, entities, and vessels that facilitate Iranian oil and liquefied petroleum gas sales and shipments from Iran. U.S. Secretary of the Treasury Scott Bessent made the goal clear: "[D]egrading Iran's cash flow by dismantling key elements of Iran's energy export machine." OFAC has also recently pursued numerous Iran-related actions, including very aggressive enforcement against companies for violations by foreign employees of U.S. companies. Much such enforcement is likely to come.

5. Suggested Actions for Global Businesses

The reintroduction of EU and UK sanctions on Iran, coupled with the heightened focus of the current U.S. administration on Iran-related trade, create immediate compliance risks for companies globally. Businesses should consider revisiting their exposure assessments (including by reviewing supply chains, banking and payment channels and due diligence on existing counterparties with potential ties to Iran), re-screen counterparties against updated sanctions lists and reconsider licensing needs.

Gibson Dunn is available to advise clients as they navigate the evolving Iran sanctions landscape, including by developing compliance assessments, tailored internal procedures, license applications, government engagement strategies, and transactional due diligence.

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