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International Trade Advisory & Enforcement Update

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The U.S.-Iran Memorandum of Understanding: Prospective Sanctions Relief, Commercial Opportunities, and Legal Risks

This update is designed as a guide to the constraints and opportunities that the United States will have as it moves toward a final agreement with the Islamic Republic.

On June 17, 2026, U.S. President Donald Trump and Iranian President Masoud Pezeshkian signed a Memorandum of Understanding (**MOU**) intended to permanently end hostilities between the United States and Iran and establish a framework for a comprehensive agreement to be negotiated over the next 60 days. Although the MOU leaves many of the parties' most consequential disputes unresolved, it represents a significant diplomatic development that could reshape U.S. sanctions policy, regional trade, energy markets, and investment opportunities across the Middle East. As of this writing, changes have already emerged.

The MOU calls for the immediate cessation of military operations, the restoration of commercial navigation through the Strait of Hormuz, and immediate sanctions relief for Iranian oil exports. It also sets out a framework for broader objectives, including potential termination of seemingly "all" U.S. sanctions, the release of restricted Iranian assets, and the creation of a \$300 billion reconstruction and development initiative for Iran.

Despite these commitments, we counsel caution for any businesses that might be tempted to view Iran as imminently "open for business." The MOU is a political framework rather than a self-executing legal instrument, and many of its central promises would require substantial executive

action, congressional review, regulatory implementation, and—in some cases—changes to statutory sanctions regimes that cannot be unilaterally unwound by the President. Significant questions also remain regarding the positions, risk tolerance, and strategies of numerous third parties who are not signatories to the MOU: the European Union, the United Kingdom, the United Nations Security Council, the Financial Action Task Force (which still has Iran on its blacklist), other countries in the region, numerous countries that currently hold restricted Iranian assets, private insurers, and the broader financial sector. The cooperation of all these actors is necessary to deliver meaningful and durable sanctions relief. For example, the consent of other UN Security Council members would be needed to lift UN sanctions on Iran, and tangible economic engagement with Iran could only be undertaken by private commercial enterprises.

The experience following the 2015 Joint Comprehensive Plan of Action (**JCPOA**) provides a useful, if sobering, guide. Even after a comprehensive multilateral agreement and extensive sanctions relief under the Obama administration, many companies nevertheless remained reluctant to commit capital to Iran because of legal uncertainty, compliance concerns, financing constraints, and the risk that sanctions could return (as they ultimately did during President Trump's first term). Those concerns are likely to be even more pronounced under the current framework, where key terms remain unresolved and implementation depends on future negotiations as well as buy-in from the non-signatory actors mentioned above. Further, as was true at the time of the JCPOA and remains true under the recently signed MOU, Iran's economy is highly centralized and prone to corruption, which creates significant business risk. Iran's troubling human rights record and its support for terrorist proxy groups create still more risk for companies that may be interested in investing.

This alert is not designed to provide a blow-by-blow assessment of current negotiations between Washington and Tehran. Rather, it is designed as a guide to the constraints and opportunities that the United States will have as it moves toward a final agreement with the Islamic Republic. In particular, this alert provides an overview of the pre-MOU U.S. legal and policy framework concerning Iran; examines the MOU's immediate legal effects, the obstacles to implementing its promised sanctions relief, the implications for shipping and commerce through the Strait of Hormuz, and the proposed Iran reconstruction fund; and highlights the practical considerations for companies evaluating current or future business opportunities involving Iran.

I. Background

The United States and Israel launched major combat operations against Iran on February 28, 2026, sparking a regional conflict with major global economic consequences. The stated rationale for the strikes changed as the conflict progressed, as officials in Washington and Jerusalem variously indicated that the strikes were intended to degrade Iran's military capabilities, curtail its support for regional militant groups, prevent the development of a nuclear weapon, and increase pressure on the clerical regime in Tehran. While the parties had agreed to informal ceasefires before late June 2026, the MOU marked the most significant diplomatic development of the conflict, and, rather than setting out a temporary cessation of hostilities, it establishes a framework for negotiations that could substantially reshape the regional economic landscape.

The conflict was the culmination of years of mounting pressure on Iran. Following the United States's withdrawal from the JCPOA under the first Trump administration and the August 2025 reimposition of UN sanctions initiated by France, the United Kingdom, and Germany (the **E3**) using the JCPOA snapback mechanism, Iran faced [severe economic strain](#), mounting [domestic unrest](#), and increasing international isolation. At the same time, Iran's military and nuclear position had weakened following the June 2025 U.S. attacks (dubbed Operation Midnight Hammer), while several of Iran's regional partners and proxies had suffered [setbacks](#) of their own.

During the initial six weeks of U.S.-Israeli operations, Washington and Jerusalem inflicted [significant damage](#) on Iran's military and security apparatus. The United States and Israel ultimately struck [thousands of targets](#), including missile and drone facilities, naval assets, military-industrial infrastructure, and command-and-control networks associated with the Iranian military and the Islamic Revolutionary Guard Corps (**IRGC**). Yet battlefield success did not produce a decisive political outcome. Iran continued to retaliate against U.S. military bases, Israel, and countries throughout the region, including all of the Gulf Cooperation Council (**GCC**) countries—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates—and further afield—Iraq, Jordan, and Turkey. The conflict quickly expanded into the maritime domain as well.

The most economically consequential escalation of the conflict came on March 4, 2026, when the IRGC announced the [closure](#) of the Strait of Hormuz and threatened vessels transiting the waterway. The United States subsequently imposed its own [naval restrictions](#) on Iranian ports and coastal areas. Although Pakistan brokered a ceasefire between the two parties in April 2026, negotiations toward a more permanent détente stalled over the future of Iran's nuclear program, and periodic military exchanges continued. Meanwhile, [disruptions to traffic](#) through the Strait of Hormuz—through which approximately one-quarter of global oil supplies and one-fifth of global liquefied natural gas (**LNG**) shipments ordinarily pass—contributed to rising energy prices, inflationary pressures, and growing concerns about global economic stability.

By late May 2026, reports from both Washington and Tehran indicated that negotiations were gaining [momentum](#). The Trump administration announced the MOU on June 10, 2026, and the full text was revealed a week later. Although significant questions regarding the status of the Strait of Hormuz and hostilities between Israel and Hezbollah remain unresolved, and [negotiations](#) toward a broader agreement continue in the shadow of spasms of [violence](#), the MOU reflects a shared interest in de-escalation and opens the possibility of substantial changes to sanctions, trade, investment, and regional commerce.

II. The Memorandum of Understanding

The [MOU](#) is a brief, fourteen-paragraph framework agreement. It is significantly less detailed than even the interim agreement signed between Iran and the United States during the Obama administration ([the Joint Plan of Action](#)), which eventually led to the final 150-page [Joint Comprehensive Plan of Action](#) that the parties concluded 18 months later. The MOU combines a

limited number of immediately operative commitments with a broader set of objectives that the parties have agreed to pursue during a 60-day negotiating period.

Several provisions have immediate practical significance. The MOU calls for:

- The immediate and permanent cessation of military operations between the parties. **(MOU Paragraph 1)**.
- The termination of the U.S. naval blockade and the restoration of commercial navigation through the Strait of Hormuz. **(MOU Paragraphs 4, 5)**.
- U.S. sanctions relief for the export and sale of Iranian crude oil, petroleum products, and related services. **(MOU Paragraph 10)**. (This initial relief was [granted](#) by the U.S. Department of the Treasury's Office of Foreign Assets Control (**OFAC**) on June 22, 2026, in the form of a general license (**GL**).^[11])

More consequential for businesses, however, are the commitments the parties have agreed to pursue as part of an eventual final agreement. Those objectives include:

- Mutual recognition of the territorial integrity of the United States, Iran, and Lebanon. **(MOU Paragraphs 1, 2)**.
- A future arrangement among Iran, Oman, and other Persian Gulf countries concerning the administration and operation of the Strait of Hormuz. **(MOU Paragraph 5)**.
- The development of a reconstruction and economic-development initiative for Iran, backed by at least \$300 billion in funding and accompanied by the licenses, waivers, and authorizations necessary to facilitate related financial transactions. **(MOU Paragraph 6)**.
- The termination, pursuant to a schedule yet to be negotiated, of broad categories of sanctions against Iran, including UN sanctions, measures imposed under the International Atomic Energy Agency (**IAEA**) regime, and U.S. primary and secondary sanctions. **(MOU Paragraph 7)**.
- Resolution of issues relating to Iran's stockpiles of enriched nuclear material and the future scope of its nuclear program. **(MOU Paragraph 8)**.
- The release or unfreezing of Iranian funds and assets that are currently restricted or blocked. **(MOU Paragraph 11)**.

Taken at face value, the MOU contemplates a far-reaching transformation of the legal and commercial landscape surrounding Iran. Yet many of its most consequential commitments—including broad sanctions relief, the release of frozen assets, and the proposed reconstruction fund—remain contingent on future negotiations and, in many cases, legal, political, and military steps that neither signatory can accomplish unilaterally. As discussed below, the gap between the MOU's aspirations and the mechanisms required to implement them will be as central to the negotiators as it is to businesses evaluating potential opportunities involving Iran.

III. The MOU Compared with the JCPOA and Other U.S. Sanctions Relief

While the MOU is unprecedented in its scale, parts of the agreement have analogs to both prior Iran negotiations and elements of U.S. sanctions relief recently provided to Venezuela and Russia. On its face, the most clearly relevant precedent for the MOU is the JCPOA, i.e., the 2015 agreement among Iran, the United States, the United Kingdom, France, Germany, China, Russia, and the European Union that exchanged nuclear restrictions for sanctions relief. Although the current MOU addresses some of the same issues, it differs from the JCPOA in several important respects, including the breadth of the sanctions relief it contemplates, the mechanism and timing of implementation, and the parties involved.

A. Differences in the Scope of Sanctions Relief

The MOU appears to contemplate substantially broader sanctions relief than the JCPOA.

The JCPOA's sanctions relief was carefully limited. It principally suspended or terminated U.S. nuclear-related secondary sanctions—that is, measures targeting non-U.S. persons for engaging in certain transactions and activities involving Iran. Contrary to a common misconception, the JCPOA largely preserved the U.S. primary sanctions embargo on Iran, subject to a handful of narrow exceptions, including certain imports of Iranian carpets and foodstuffs and a licensing framework for commercial aircraft-related transactions. As a practical matter, even under the JCPOA, U.S. persons and financial institutions remained highly restricted in their dealings with Iran. Much of the relief provided under the JCPOA was subsequently reversed following the United States's withdrawal from the JCPOA in 2018.

The MOU, by contrast, contains considerably broader language. Paragraph 7 provides that the United States will “terminate all types of sanctions against the Islamic Republic of Iran, including the United Nations Security Council resolutions, IAEA Board of Governors resolutions, and all unilateral U.S. sanctions, primary and secondary,” pursuant to a schedule to be negotiated as part of the final agreement.

Whether that commitment should be understood literally remains an open question. As explained in more detail below, the United States maintains sanctions on Iran (and thousands of Iranian companies, individuals, and organizations) for numerous reasons unrelated to the country's nuclear program, including other weapons of mass destruction proliferation activities, ballistic missile development, support for terrorism, and human rights abuses. Because the MOU's substantive obligations focus primarily on nuclear issues, some observers have argued that Paragraph 7 should be understood as referring principally to nuclear-related sanctions. The text, however, contains no such limitation on its face. The sanctions provision appears in a standalone paragraph and refers broadly to “all types of sanctions,” without qualification.

As discussed further below, significant legal and political barriers would complicate any effort to eliminate every sanctions program applicable to Iran. Nonetheless, on its face, the MOU contemplates a scope of sanctions relief that is materially broader than that offered to Tehran under the JCPOA.

B. Differences in Timeline

The MOU also differs from the JCPOA in the way it approaches implementation. The JCPOA set out a detailed, pre-agreed-upon timeline. That timeline featured key locked-in dates, including Adoption Day, Implementation Day, Transition Day, and Termination Day, with ultimate relief conditioned on certain verified steps that Iran needed to take with respect to its nuclear program. By contrast, the MOU does not contain a comparable sanctions-related roadmap beyond its two phases: (1) the initial MOU itself and (2) a subsequent 60-day negotiation period. The MOU front-loads a few items (e.g., lifting the naval blockade and restoring shipping within 30 days) but leaves the rollout of most of the economic incentives and Iranian commitments to the future negotiations over the subsequent 60 days.

C. Differences in the Parties

The parties to the two agreements may prove to be the most consequential difference of all. The JCPOA bound not just the United States and Iran but also the other permanent members of the UN Security Council and the European Union. And, once it was ratified by a binding UN Security Council resolution ([Resolution 2231](#)), all UN member states became bound by the agreement. The inclusion of these other parties made it possible for the signatories to credibly commit to action at the United Nations level and across the European Union and United Kingdom as well as the United States. The exclusion of those parties from the MOU could pose challenges to the United States's ability to uphold its end of the bargain, though we note that the MOU's Paragraph 14 indicates that the final negotiated agreement (after the 60-day period) is to be "endorsed by a binding UN [Security Council] resolution." We note that the MOU also purports to bind two non-signatory states, one named in the document (Lebanon) and the other unnamed (Israel). The legal basis for establishing commitments by non-states party is presumptively suspect, and, indeed, these unagreed-to commitments have already encountered political resistance from both states.

IV. Short-Term and Long-Term Effects on the Strait of Hormuz (MOU Paragraphs 4 and 5)

A. The International Legal Status of the Strait

The MOU stops short of ceding control of the Strait of Hormuz to Iran, but the agreement's structure tilts toward a coastal-state-managed system (i.e., one managed by Iran and Oman), which is in tension with the law of international straits. Paragraph 5 commits Iran only to use "best efforts" to ensure safe passage, "with no charge for 60 days *only*," and tasks Iran with opening a dialogue with Oman to define the Strait's "future administration and maritime services," to be conducted "in line with the applicable international law and the sovereign rights of coastal states." But Hormuz is an international strait: at its roughly 21-nautical-mile narrows, it is composed entirely of Iranian and Omani territorial waters.^[2] Under Part III of the UN Convention on the Law of the Sea (**UNCLOS**), the right of transit passage cannot be hampered or suspended by bordering countries; coastal regulation is confined to narrow safety, pollution, and fiscal matters; and, read together with UNCLOS Article 26, the regime permits no charge for

passage as such, only non-discriminatory fees for specific services rendered.^[3] Under international law, a bilateral U.S.-Iran understanding (or a later Iran-Oman arrangement) cannot create a system that could impede third-country shipping, and Oman, an UNCLOS party, has repeatedly and publicly rejected Iran's toll proposal.^[4]

The risk is that the “sovereign rights of coastal states” language in the MOU—notwithstanding the reference to “applicable international law”—appears to provide precedential support to a potential toll-and-clearance scheme. Iran had already enacted a toll model (its March 30, 2026 transit-fee law required a payment of roughly \$2 million per voyage), which was (and is) manifestly contrary to international law.^[5] In fact, precedent cuts against tolling. Iran may point to the seemingly most relevant precedent, the 1936 Montreux Convention, under which Turkey administers the Bosphorus Strait. This agreement allows merchant vessels to enjoy full freedom of transit in peacetime, and it permits Turkey to charge those vessels only for bona fide cost-based services, not a general transit toll. However, this arrangement only endures because UNCLOS Article 35(c) grandfathers in longstanding conventions of that kind. The Strait of Hormuz has never been subject to such control, and, as a matter of international law, the MOU cannot change that.^[6]

B. Impacts: Added Costs to Shippers and Insurers

As the global economy quickly learned, parties who have historically relied on an open Strait have no ready means to fully avoid Hormuz. Prior to the conflict, roughly 20 million barrels of oil per day (about one-quarter of seaborne oil) and 20 percent of the world's LNG transited the waterway, and it remains the only sea route for the United Arab Emirates, Qatar, Bahrain, Kuwait, and Iraq. Regional bypass pipelines can absorb only a fraction of that volume, with no LNG bypass at all.^[7] Since the Iran war began, the Lloyd's Market Association Joint War Committee has expanded its [Listed Areas](#) to cover the entire Persian Gulf, and war-risk [premiums](#) have risen from roughly 0.125 percent of hull value per transit to between 2 percent and 3 percent—on the order of \$2 million to \$3 million for a single very large crude carrier voyage, and \$10 million to \$14 million for U.S.-nexus tonnage per voyage.

The U.S. International Development Finance Corporation (**DFC**) stepped in with a government-backed maritime reinsurance facility (initially about \$20 billion, doubled to about \$40 billion in April 2026), yet shipping traffic stayed sharply reduced, underscoring that so long as vessel safety is uncertain, the existence of willing insurers is unlikely to move ship owners.^[8]

For businesses planning operations that require transiting the Strait, two points from the MOU are central. First, the MOU's “no charge for 60 days only” language appears to telegraph that, once this period lapses, Iran may well impose a transit toll (reported at about \$1 per barrel, or roughly \$2 million per very large crude carrier). For shipowners, this cost would be in addition to already-elevated war-risk premia. That charge is not only legally contestable but also could give rise to sanctions exposure in its own right. OFAC has [advised](#) that payments to the Government of Iran or the IRGC for safe passage through the Strait are unauthorized for U.S. persons and carry significant exposure for others. OFAC has also [imposed](#) blocking sanctions on the Persian Gulf Strait Authority, the Iranian body that the IRGC established to administer its Strait scheme. Either way, these costs flow through to freight rates, ultimately, to oil and LNG prices, and eventually to end consumers.^[9]

Second, acquiescence to such a toll would create precedent for parties who need to negotiate other critical geographic chokepoints.^[10] This could include the Bab-el-Mandeb Strait between Yemen and the Horn of Africa (which notably could become controlled by—and thus operated for the benefit of—an Iranian proxy group that holds the littoral territory on the east side of the Strait: the Houthis). During the active conflict, Iran at times [threatened](#) to also close the Bab-el Mandeb Strait.

The United States's terrorism-risk-insurance program (named after the Terrorism Risk Insurance Act [TRIA], reauthorized through 2027) is unlikely to be usable for any losses incurred in Hormuz. The program backstops Treasury-certified acts of terrorism, not losses that arise from a state-on-state armed conflict. This is why Washington turned to the DFC political-risk cover rather than to TRIA.^[11]

V. Short-Term and Long-Term Sanctions Relief (MOU Paragraphs 7 and 10)

As previewed above, the MOU promises seemingly unbounded sanctions relief to Iran. The termination of *all* Iran sanctions would mean the end of one of the most comprehensive, complex, and longstanding sanctions regimes in history. Even with the requisite political will, such a wide-ranging unwinding cannot be accomplished overnight.

A. Overview of the Iranian Sanctions Programs

Iran is currently one of a handful of jurisdictions subject to comprehensive U.S. economic sanctions, meaning that for U.S. persons or parties engaging in transactions with a U.S. touchpoint, virtually all commercial and financial engagement with Iran is prohibited, subject to well-established exceptions (e.g., humanitarian aid).

The Iranian Transactions and Sanctions Regulations (ITSR), which are primarily implemented pursuant to the International Emergency Economic Powers Act (IEEPA) and codified at 31 C.F.R. Part 560, impose broad restrictions on U.S. involvement in Iran and form the foundation of U.S. primary sanctions targeting the Islamic Republic.

The ITSR implements a web of Congressionally mandated sanctions as well as Executive-mandated restrictions. While the President has flexibility to alter Executive-mandated restrictions (even if limited by certain statutes), he cannot remove statutory restrictions without a new law or amendment being promulgated by Congress.

One pillar of the ITSR is a trade embargo. Section 560.201 of the ITSR prohibits the importation into the United States of any Iranian-origin goods or services, and Section 560.204 prohibits the exportation of goods or services from the United States to Iran. Section 560.206 goes even further, prohibiting any U.S. person from engaging in any transaction related to goods to or from Iran.

The ITSR's trade embargo is complemented by a comprehensive investment ban. Section 560.207 prohibits new investment by U.S. persons in Iran or in property owned or controlled by the Government of Iran. And Section 560.208 prohibits U.S. persons from approving, financing, facilitating, or guaranteeing transactions by foreign persons that would be prohibited if undertaken directly by a U.S. person.

Additionally, Section 560.211 of the ITSR blocks all property and interests in property of the Government of Iran, including the Central Bank of Iran, and any Iranian financial institution (defined to include foreign branches in the ITSR).

The ITSR are supplemented by secondary sanctions, such as those on foreign financial institutions involved in Iran's nuclear program or support for terrorist activities, see 31 C.F.R. § 561.201, and those involved in any transactions for the supply of industrial metals to Iran, see 31 C.F.R. § 561.205.

B. Terminating Iran Sanctions Under Legislative Constraints

As the prior subsection shows, U.S. Iran sanctions form an all-encompassing web of restrictions that would be difficult to unwind. The MOU does not have the force of law in the United States, is not a self-executing treaty, and cannot directly lift any U.S. sanctions. Practically, the President could issue an Executive Order (**E.O.**) directing agencies across the executive branch to implement the MOU. That could be done at any time, but the President has not done so as of this writing, and, as discussed in detail below, concerns related to secondary sanctions relief would remain.

Historically, under the JCPOA and in other instances of rolling back sanctions, relief has come through OFAC's issuing permissive GLs to authorize certain otherwise-prohibited transactions. Indeed, as noted above, OFAC has already [done](#) so with respect to the sale of Iranian-origin oil, fulfilling the United States's commitment in Paragraph 10 of the MOU.

However, many aspects of U.S. foreign policy with respect to Iran are governed by a mosaic of statutes that include the U.S. Congress in the policymaking process and render unilateral OFAC licensing activity insufficient and, at times, impermissible. Some provisions require congressional review or approval before relief may take effect; others require notice, reporting, or certification to and by Congress; and others permit temporary waivers while reserving full statutory termination for Congress or upon a demanding presidential certification. These laws, which are detailed below, create space for Congress to sculpt or even walk back implementation of the administration's promise to provide Iran broad sanctions relief.

The most immediate and relevant restriction on the President's ability to provide wide-ranging sanctions relief to Iran is the [Iran Nuclear Agreement Review Act of 2015 \(INARA\)](#). This statute, which was passed in 2015 with broad bipartisan support in the wake of the JCPOA, is explicitly designed to ensure congressional oversight of nuclear negotiations with Iran. INARA requires the President to submit for congressional review "an agreement with Iran relating to the nuclear program of Iran," and it prohibits the President, during the statutory review period and any disapproval or veto periods, from waiving, suspending, reducing, or otherwise limiting statutory sanctions with respect to Iran pursuant to such an agreement.

While INARA prescribes restrictions, it does not require affirmative congressional approval in every case. If Congress enacts a joint resolution of approval, statutory relief may proceed. If Congress enacts a joint resolution of disapproval that survives presentment, statutory relief is barred. But, if Congress enacts neither within the review period, statutory sanctions relief may proceed *after* the review and disapproval windows expire.

Although INARA was designed as a response to the JCPOA, [members of Congress across both sides of the aisle](#) have expressed a desire to apply it to the current U.S.-Iran deal. Of course, any joint resolution of disapproval would be vulnerable to a presidential veto, which seems almost certain. Congressional opposition to the deal would therefore need a veto-proof majority to legally block statutory sanctions relief. Conversely, the absence of an affirmative approval resolution by itself would not block relief once the statutory review and disapproval windows close. Overall, the INARA review process will likely give Congress a formal voice, leverage over timing, and a possible window to provide input to the Trump administration on particular terms. That said, it in no way mandates that Congress weigh in. We note that it is not clear whether the administration provided the MOU to Congress out of a desire to comply with the requirements of INARA or a belief that the MOU is the type of agreement that requires INARA review. However, we assess it as very likely that any final agreement after the 60-day negotiations will go through the INARA process.

Apart from INARA, a compendium of laws underpins U.S. sanctions on Iran, and these laws each have their own provisions that set out in slightly different ways roles for the President and Congress in the rollback of sanctions. We detail the more than a dozen primary laws and those relevant provisions here:

1. International Emergency Economic Powers Act (IEEPA), 50 U.S.C. §§ 1701–1710, and National Emergencies Act (NEA), 50 U.S.C. §§ 1601–1651

- President's Power to Terminate/Waive Sanctions: The President may revoke the underlying Iran-related E.O.s (including E.O. 13059, E.O. 13599, and E.O. 13846, which all rest on the national emergency declared in E.O. 12957), terminate the national emergency related thereto (here, with respect to Iran) by proclamation under the NEA, and direct OFAC to amend or rescind the ITSR.
- Congress's Role: Although the President must consult with and report to Congress upon *declaring* an emergency and at least semiannually thereafter, and although Congress may itself terminate the emergency by a joint resolution, the President does not need Congress's approval to terminate the emergency and end measures taken pursuant thereto.
- Timing: The President must renew the emergency annually by notice to Congress and publication in the Federal Register, or it lapses automatically. He can terminate the emergency and end its constituent sanctions measures at any time.
- Non-Waivable Measures: No sanctions measures are written into the statutes themselves, so none of them are only amendable through legislation. They are all enacted as part of E.O.s the President can alter.
- Duration of Waiver/Termination: Once the President revokes the orders and ends the emergency, that termination is permanent, and no provision reimposes that emergency or those measures.

2. Iran Sanctions Act of 1996 (ISA), as amended, 50 U.S.C. § 1701 note; Iran Threat Reduction and Syria Human Rights Act of 2012, Pub. L. No. 112-158

- President's Power to Terminate/Waive Sanctions: The President may waive ISA Section 5 secondary sanctions (which target significant investment in Iran's petroleum sector and weapons-related transfers) upon a determination that the waiver is "essential" (for petroleum-related waivers) or "vital" (for weapons-related waivers) to U.S. national security interests, supported by advance reporting.
- Congress's Role: No congressional approval is required. The President owes only advance notice and a report to the appropriate congressional committees.
- Timing: Each waiver lasts no more than one year and requires a report to the appropriate congressional committees at least 30 days before it takes effect.
- Non-Waivable Measures: Termination of the ISA Section 5(a) petroleum sanctions requires the President to certify that Iran has ceased pursuing nuclear, chemical, and biological weapons and ballistic missiles, has been removed from the U.S. state-sponsor-of-terrorism list, and "poses no significant threat" to U.S. national security, interests, or allies. The terrorism list element first requires rescinding Iran's state sponsor designation under the Export Control Reform Act of 2018, which is discussed below.
- Duration of Waiver/Termination: Waivers are renewable in successive one-year increments, but each requires a fresh "vital national security" determination (for weapons-related waivers) or "essential to the national security interests of the United States" (for petroleum-related waivers) determination and 30-day report. The sanctions can be permanently lifted following the President's aforementioned certification.

3. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA), Pub. L. No. 111-195, as amended

- President's Power to Terminate/Waive Sanctions: To disapply the CISADA Section 103 trade embargo, the President need only determine that the export of particular goods, services, or technology is "in the national interest." Frozen assets are released once the person no longer meets the IEEPA designation criteria, which is an executive branch determination. The Section 104 sanctions on foreign financial institutions can be waived by the Treasury on a determination that waiver is "necessary to the national interest."
- Congress's Role: Only reporting. There is no congressional approval vote for the national interest determinations, asset releases, or Section 104 waiver.
- Timing: A Section 103 blocking determination must be reported to Congress within 14 days. A Section 104 waiver takes effect only on or after the 30th day following the determination and report.
- Non-Waivable Measures: Section 105 human rights sanctions can only be terminated once the President certifies that Iran has released all political prisoners, ceased its practices of violence and unlawful detention, conducted a transparent investigation of post-2009 abuses, and committed to an independent judiciary. They cannot be waived on a temporary basis.

- Duration of Waiver/Termination: The Section 103 and 104 national interest waivers can be renewed indefinitely (no statutory sunset on the authority). Section 105 sanctions remain until the merits certification is made but are then permanently terminated.

4. Countering America’s Adversaries Through Sanctions Act (CAATSA), Pub. L. No. 115-44

- President’s Power to Terminate/Waive Sanctions: The President may waive sanctions on a determination that the waiver is “vital to the national security interests” of the United States, with congressional notification and reporting.
- Congress’s Role: The Iran section requires only notice and a report to Congress. Unlike the Russian section of CAATSA, which gives Congress a 30-day window to pass a joint resolution of disapproval, the Iran section does not include a congressional review or approval period.
- Timing: Notification and reporting to the appropriate congressional committees at least 30 days before the waiver takes effect. Waivers run for renewable periods of up to 180 days.
- Non-Waivable Measures: None. With an appropriate waiver, all sanctions may be suspended.
- Duration of the Waiver/Termination: The 180-day waivers may be renewed indefinitely.

5. Fight and Combat Rampant Iranian Missile Exports Act (Fight CRIME Act), Pub. L. No. 118-50, Division K

- President’s Power to Terminate/Waive Sanctions: The President may waive the conduct-based sanctions on missile- and arms-related transfers to or from Iran as to a foreign person upon a written determination and justification that the waiver is in the “vital national security interests” of the United States.
- Congress’s Role: No congressional approval is required; only an after-the-fact written presidential determination submitted to the appropriate committees.
- Timing: Waivers run for renewable periods of up to 180 days, and the President must submit the determination and justification not later than 15 days after the waiver takes effect.
- Non-Waivable Measures: The President cannot terminate the sanctions regime without a certification to Congress that Iran (1) “no longer repeatedly provides support for international terrorism” and (2) has ceased the pursuit, acquisition, and development of, and verifiably dismantled, its nuclear, biological, and chemical weapons and ballistic missiles and ballistic-missile launch technology. The termination takes effect 30 days after the President’s certification.
- Duration of the Waiver/Termination: Waivers are renewable in 180-day increments without limit, but each requires a fresh “vital national security interests” determination. Permanent termination needs the merits certification.

6. Iran Freedom and Counter-Proliferation Act of 2012 (IFCA), Pub. L. No. 112-239

- President's Power to Terminate/Waive Sanctions: The President may waive IFCA's blocking sanctions (which reach dealings with Iran's energy, shipping, and shipbuilding sectors, sectors determined to be controlled by the IRGC, transfers of precious metals or specified industrial materials, related underwriting and insurance, and foreign financial institutions transacting with designated Iranians) on a case-by-case determination that the waiver is "vital to the national security interests" of the United States.
- Congress's Role: No congressional approval is required; only a report to the appropriate committees.
- Timing: Waivers run for renewable periods of up to 180 days.
- Non-Waivable Measures: Although IFCA references the National Iranian Oil Company, the National Iranian Tanker Company, and the Islamic Republic of Iran Shipping Lines as "entities of proliferation concern," it does not self-execute their designation. Its sanctions are conduct-based and fully waivable.
- Duration of the Waiver/Termination: The waivers are indefinitely renewable on a continuing "vital national security" determination and a report to appropriate congressional committees.

7. International Security and Development Cooperation Act of 1985 (ISDCA), 22 U.S.C. § 2349aa-9

- President's Power to Terminate/Waive Sanctions: The President may lift any import restrictions imposed under ISDCA. The authority to ban imports is discretionary.
- Congress's Role: ISDCA requires only consultation with, and a report to, Congress when the authority is exercised and every subsequent 6 months.
- Timing: No waiting period or fixed term; consultation and a report accompany exercise of the authority.
- Non-Waivable Measures: None. Because the authority is discretionary and names no party, the President can unilaterally lift ISDCA-based restrictions.
- Duration of Waiver/Termination: The decision to issue, lift, and/or reinstate restrictions is within the President's discretion; there is no statutory sunset.

8. Mahsa Amini Human Rights and Security Accountability Act (MAHSA), Pub. L. No. 118-50, Division L

- President's Power to Terminate/Waive Sanctions: MAHSA imposes no sanctions of its own but instead directs the President to enforce sanctions already imposed under CISADA, E.O. 13224 (focused on terrorism), and E.O. 13818 (focused on human rights) and directs the President to consider whether members of Iran's government are eligible for sanctions designations under those other authorities. The President can determine that the members of government do not meet those criteria.
- Congress's Role: No congressional approval is required. MAHSA calls only for periodic presidential determinations and reporting.

- Timing: The President must make the periodic determinations beginning within 90 days of enactment and annually thereafter.
- Non-Waivable Measures: The determinations are non-waivable and must occur regularly. No designations are included in the law.
- Duration of Waiver/Termination: Relief is as durable as the President's decisions on the underlying CISADA and Executive Order sanctions.

9. Section 1245 of the National Defense Authorization Act (NDAA) for Fiscal Year 2012, Pub. L. No. 112-81, as amended; Iran-China Energy Sanctions Act of 2023 (ICESA), Pub. L. No. 118-50, Division S

- President's Power to Terminate/Waive Sanctions: The President may waive the sanctions (which are conduct-based) on a determination that the waiver is in the national security interest of the United States. Separately, a foreign financial institution is exempt where the President determines and reports that the country with primary jurisdiction over it has significantly reduced its crude oil purchases from Iran.
- Congress's Role: No congressional approval is required. Only presidential determinations and reports to Congress.
- Timing: A waiver runs up to 120 days and is renewable. The oil-reduction exemption applies for a renewable period of 180 days after the President's determination.
- Non-Waivable Measures: Sanctions for entities meeting the conduct-based criteria are mandatory, but the laws feature no named designations.
- Duration of Waiver/Termination: Durable relief ultimately depends on terminating the underlying IEEPA emergency.

10. Stop Harboring Iranian Petroleum (SHIP) Act, Pub. L. No. 118-50, Division J

- President's Power to Terminate/Waive Sanctions: The President may waive imposition of the sanctions upon certifying that the waiver is vital to the national interests of the United States. The President is not required to impose sanctions upon a certification that a person is no longer engaged in prohibited activities or has taken and is continuing to take steps toward permanently terminating those activities. This sanctions regime terminates upon the President's certification.
- Congress's Role: No congressional approval is required. Only a certification to the appropriate congressional committees.
- Timing: A waiver runs up to 180 days; the President must certify to the appropriate congressional committees not later than 15 days after the waiver takes effect. Termination can take effect only 30 days after the required certification.
- Non-Waivable Measures: The SHIP Act mandatorily sanctions foreign persons who own or operate a port, vessel, or refinery transacting in Iranian crude oil or petroleum products. It may be terminated only 30 days after the President certifies that Iran no longer supports international terrorism and has verifiably dismantled its nuclear, biological, and chemical weapons and its ballistic missiles and launch technology.

- Duration of Waiver/Termination: Waivers are renewable in 180-day increments, but permanent termination requires the merits certification.

11. Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA), 22 U.S.C. §§ 7201–7211

- President’s Power to Terminate/Waive Sanctions: TSRA imposes no sanctions on Iran. It instead bars the President from imposing new unilateral agricultural or medical sanctions without a 60-day advance report to Congress and congressional authorization. Therefore, it does not include the creation of any sanctions termination or waiver mechanisms.
- Congress’s Role: N/A.
- Timing: N/A.
- Non-Waivable Measures: N/A.
- Duration of Waiver/Termination: N/A.

12. Export Control Reform Act of 2018 (ECRA), 50 U.S.C. §§ 4801–4852, and Export Administration Act of 1979 (EAA)

- President’s Power to Terminate/Waive Sanctions: Sanctions relief turns on Iran’s designation under this export-controls-based regime as a state sponsor of terrorism. After the EAA was mostly rescinded, its export control provisions were replicated in ECRA and promulgated anew under the President’s IEEPA authority. The President can remove Iran from the list of designated state sponsors of terrorism. The President, through the U.S. Department of Commerce Bureau of Industry and Security (**BIS**), can also individually authorize exports to Iran by issuing export licenses.
- Congress’s Role: No congressional approval vote is required, only notice and reporting.
- Timing: Short of dramatic regime and policy change in Iran, in which case there is no time requirement for the report, the President must report to Congress 45 days before rescinding the designation. Congress must separately receive notice 30 days before any export license is issued.
- Non-Waivable Measures: The licensing controls are mandatory while the state sponsor designation stands. The designation cannot be terminated unless the President certifies to Congress either a “fundamental change” in the target government’s leadership and policies such that it no longer supports international terrorism, or that it has not supported terrorism in the preceding six months, with assurances against future support.
- Duration of Waiver/Termination: Once the designation is rescinded, relief is durable.

Note: ECRA [continues](#) to create export restrictions with regard to Syria based on its undisturbed state sponsor designation despite the attempted rollback of sanctions and some export controls following the regime change in the country, which demonstrates the extra hurdle that would be presented as part of an attempted Iran rollback.

Altogether, sanctions on Iran span numerous statutes and require reporting, certification, and, in some cases, legislative amendments that will make providing any broad sanctions relief to Iran quite difficult for the administration to accomplish.

VI. The \$300 Billion Reconstruction Fund (MOU Paragraph 6)

One of the most eye-catching components of the MOU is its commitment in Paragraph 6 to develop a \$300 billion fund “for the reconstruction and economic development of the Islamic Republic of Iran.” For businesses evaluating future opportunities in Iran, the fund would rightly be seen as a proxy for broader commercial activities in Iran. As a result, the proposed fund may, if it comes to fruition, prove as consequential as the MOU’s sanctions-relief provisions. Yet the MOU provides almost no detail regarding how the fund will be structured, financed, governed, or implemented. Indeed, the agreement expressly provides that “the mechanism for the implementation of this plan will be finalized as part of the final Deal.”

Public statements from the White House offer only limited guidance. President Trump and Vice President Vance have [told reporters](#) that the fund will not be financed by U.S. taxpayers and would instead draw support from regional partners and private investors. Consistent with those statements, the MOU provides only that the United States will “undertake[], *with regional partners*, to develop” the fund and will grant the licenses, waivers, and permissions necessary to facilitate the associated financial transactions.

If the United States ultimately implements the MOU as written and terminates all U.S. sanctions on Iran, few U.S. legal impediments to foreign investment would remain. The embargo would cease. In that scenario, the United States could largely meet its commitments regarding both sanctions relief and the reconstruction fund through the same set of actions. As discussed in the prior section, however, significant legal and political obstacles may prevent the Trump administration from quickly or completely dismantling the existing sanctions architecture. Accordingly, understanding which restrictions currently impede investment in Iran—and how the administration might seek to address them—provides the best indication of what the reconstruction fund could look like in practice.

A. Several Layers of Sanctions Restrict Investment in Iran

Although the precise contours of the proposed reconstruction fund remain unknown, any large-scale investment and development initiative in Iran would intersect with multiple layers of existing U.S. sanctions restrictions, which are described in more detail above.

In particular, Section 560.207 of the ITSR prohibits new investment by U.S. persons in Iran or in property owned or controlled by the Government of Iran, while Section 560.208 of the ITSR prohibits U.S. persons from approving, financing, facilitating, or guaranteeing transactions by foreign persons that would be prohibited if undertaken directly by a U.S. person. Because international transactions frequently involve U.S. financial institutions or the U.S. financial system, these restrictions could significantly impede the flow of capital into Iran absent new

authorizations from OFAC. Additionally, the U.S. trade embargo on Iran would apply to construction equipment, industrial machinery, software, and other inputs necessary for large-scale development projects.

In addition to these country-based restrictions, many of the sectors most likely to be involved in reconstruction and economic-development efforts—including construction, energy, shipping, logistics, banking, and infrastructure—contain entities and individuals that remain subject to U.S. blocking sanctions, including hundreds of Iran-related parties identified on OFAC’s Specially Designated Nationals and Blocked Persons (**SDN**) List and their majority-owned entities. These include not only the IRGC and its affiliates, but also numerous Iranian financial institutions, state-owned enterprises, shipping companies, energy firms, and other actors designated under U.S. legal authorities relating to terrorism, proliferation, human rights abuses, and other sanctions programs. As a result, even where a transaction would not otherwise be prohibited by country-wide restrictions on Iran, the involvement of a blocked person may independently give rise to sanctions exposure.

One particularly significant restriction arises from the U.S. Department of State’s 2025 determination under IFCA that Iran’s construction sector is controlled by the IRGC. As discussed above, IFCA exposes non-U.S. persons to sanctions risk for supplying goods or services to sectors determined to be controlled by the IRGC. Given the central role that construction would likely play in any reconstruction initiative, this determination presents a direct challenge to implementation of the fund. Moreover, the IRGC remains designated as a Foreign Terrorist Organization (**FTO**). Under the Antiterrorism and Effective Death Penalty Act of 1996, knowingly providing material support to an FTO is a criminal offense.

Accordingly, even if the reconstruction fund ultimately moves forward, its practical viability will depend heavily on the extent to which the Trump administration is willing and able to relax, waive, or otherwise mitigate existing sanctions restrictions affecting investment and commercial activity in Iran.

B. Possible Approaches to Authorizing Fund Activities and Other Commercial Activities

Past OFAC licenses, both those recently adopted in the course of the Iran war and those adopted under the JCPOA, offer a glimpse of possible models for authorizations OFAC may issue to actualize the promised reconstruction fund and/or other commercial activities. As a matter of precedent, it is important to note that even the JCPOA did not involve a significant rollback of statutory sanctions.

Absent a sweeping authorization that would end all primary and secondary sanctions against Iran under all laws and executive orders, there are several models available for a nuanced approach to enabling the reconstruction fund. First, following the model of OFAC’s GL authorizing certain sales of Russian-origin oil after the Iran war erupted, Russia [GL 134C](#), OFAC could issue a GL specifically tied to the reconstruction fund. Such a license could tie the authorization to the fund itself, likely permitting “all transactions otherwise prohibited . . . that are ordinarily incident and necessary to” the fund’s activities. Given the constellation of prohibitions that could be implicated, such as those described in this section, a broad license would need to invoke each relevant sanctions authority in order to comprehensively mitigate the legal risk to actors. Russia GL 134C, for instance, licensed activities that had been prohibited under seven different

sanctions programs and four executive orders.

This outcome-driven licensing approach has already been taken by OFAC following the MOU's conclusion in order to implement the immediate commitment to ease sanctions on Iranian oil. Iran [General License X](#), which OFAC issued on June 22, 2026, closely mirrored Russia GL 134C and authorized all transactions ordinarily incident and necessary to the production, sale, delivery, and offloading of Iranian-origin oil through August 21, 2026. Indicative of the scope of restrictions in place on Iran, for Iran GL X to be operational, it had to cover activities that have been prohibited under a dozen different authorities. The Trump administration could seek to use a similarly intersectional approach to provide broader direct relief here. Of course, it is worth noting that the scope of any such authorization would still be limited by the patchwork of sanctions laws, detailed above, that undergird U.S. trade restrictions on Iran and that cannot be wiped away temporarily (let alone permanently) by a single GL issued by OFAC.

If the United States wished to take a more piecemeal approach to authorizing activities related to the reconstruction fund, it could issue narrower GLs and add conditions. For example, following the JCPOA, OFAC issued a [general license](#) that authorized otherwise-prohibited activities by foreign entities that are owned or controlled by U.S. persons. Although that license only applied to a narrow category of entities, and it only invoked a narrow category of OFAC's Iran sanctions rather than the sweeping tapestry of sanctions authorities discussed above, it sent a signal, in combination with other policy tools, that foreign parties could begin to relax their learned aversion to doing business with Iran. The Trump administration may utilize a similar model to authorize some categories of actors and/or some categories of activities with respect to the fund promised by the MOU.

The other component of the post-JCPOA sanctions-easing framework that OFAC constructed was a combination of (1) [a statement of licensing policy](#) and (2) a [general license](#) authorizing the negotiation of, and entry into, contingent contracts that could be authorized pursuant to the statement of licensing policy. In the JCPOA context, this component was connected to commercial passenger aircraft. However, the model could theoretically be applied to the MOU's contemplated reconstruction fund or any other commercial activity. OFAC could issue a statement of licensing policy inviting U.S. persons to apply for specific licenses to undertake activities related to construction and investment in Iran and promising to look favorably upon those applications as well as a GL authorizing U.S. persons to engage in negotiations and enter into contingent contracts with otherwise-prohibited parties for such activities subject to the granting by OFAC of a specific license. A version of this model is being pursued with respect to [Venezuela sanctions relief](#). This staged approach would be slower than the cross-cutting GL method, and it would not directly terminate the sanctions risk to foreign persons, as only U.S. persons would be eligible to apply for and receive specific licenses. However, there is established precedent for this approach, and it would enable the administration to carefully monitor fund activities without opening the floodgates to unrestricted investment in Iran.

In sum, the U.S. government has not yet revealed what the promised \$300 billion Iran reconstruction fund will look like, who will be involved, or where the money will go. Nor has the administration explained what licenses, authorizations, and permits it will issue in order to make that fund a reality. However, it is clear that many current U.S. sanctions restrictions would likely impede the operation of this fund in the absence of new authorizations, and prior practice provides hints at what authorizations may look like.

VII. Releasing Frozen Iranian Assets (MOU Paragraph 11)

The U.S. commitment, set forth in Paragraph 11, to release frozen or restricted Iranian funds and assets is the MOU's most legally fraught undertaking. As a threshold matter, most of Iran's reserves (estimated at roughly \$100 billion) sit in restricted accounts outside the United States, so the United States has no ability to directly provide those funds to Iran. Note that those funds are not "frozen" as they are not under U.S. jurisdiction. However, the United States could ease access to those funds by removing secondary sanctions, which are the principal tool by which those assets are restricted (because foreign banks generally will not send money to Iran for fear of losing access to the U.S. financial system through U.S. correspondent bank accounts or otherwise). Yet, even if those secondary measures were lifted, it would be the jurisdictions and financial institutions holding those funds, not the United States, that would have the power to send any of that money to Iran. Financial institutions with global operations—which implement U.S., EU, and UK sanctions as a matter of policy (a practice that has become more widespread following the wave of sanctions against Russia since 2022)—may be reluctant to act if the European Union and United Kingdom do not relax their autonomous sanctions regimes targeting Iran.

The Iranian money in the United States, which is formally blocked ("frozen"), is comparatively small in amount and severely encumbered, and not just by sanctions. Removing these encumbrances would require dismantling U.S. primary sanctions like those described in Section V.A above (including the ITSR and E.O. 13599), delisting the Central Bank of Iran and IRGC-linked entities, and issuing OFAC licenses. Moreover, the IRGC remains a designated FTO; that designation would need to be removed to avoid material-support exposure for U.S. persons.

An even more significant barrier to implementing Paragraph 11 of the MOU is TRIA Section 201(a), which makes the blocked assets of a terrorist party (defined to include any of that party's agencies or instrumentalities) available to satisfy judgments held by victims of terrorism.^[12] Iran has been a designated state sponsor of terrorism since 1984 and is subject to numerous judgments aggregating into the tens of billions of dollars. In *Bank Markazi v. Peterson*, the U.S. Supreme Court upheld a statute making approximately \$1.75 billion of blocked Central Bank of Iran assets available to those creditors, and Section 1610(g) of the Foreign Sovereign Immunities Act (**FSIA**) reaches the property of Iran and its instrumentalities notwithstanding their separate juridical status.^[13] The existing U.S. legal regime collides directly with Paragraph 11 of the MOU, which would render Iran's "frozen or restricted funds and assets . . . fully usable for payment to any ultimate beneficiary designated by the Central Bank of [Iran]." Executive authorization cannot extinguish judgment creditors' vested rights, and any release of U.S.-situated Iranian funds would invite an immediate attachment claim by victims of terrorism and/or their families.^[14]

VIII. International Context of the Deal and the Effects on Partners

As discussed above, the MOU is a bilateral instrument between the United States and Iran. Neither the other permanent members of the UN Security Council (China, France, Russia, and the United Kingdom), nor the European Union, all of which signed the JCPOA, are parties to the MOU, and it neither imposes obligations on them nor confers rights they can invoke. The

MOU's commitment in Paragraph 7 that the United States will terminate "all types of sanctions against the Islamic Republic of Iran" reaches only U.S. measures; it does not, and cannot, lift the restrictions maintained by any other country or international body.

As a matter of obligation, all countries remain bound—as UN members—by the Security Council sanctions reinstated through the sanctions snapback mechanism that was [initiated](#) on August 28, 2025, and took effect on September 28, 2025, until the Security Council affirmatively lifts them. Thus, the MOU's promise to terminate UN sanctions cannot be delivered by the United States acting alone; it requires a new UN Security Council resolution rescinding the reimposed resolutions, in the same manner that Resolution 2231 (2015) gave effect to the JCPOA. The other permanent Security Council members could use such a resolution to express their approval or disapproval of the MOU because they each possess individual authority to veto any resolution. Were such a resolution adopted, the European Union and United Kingdom would unwind their UN-derived measures accordingly.

Two considerations temper the prospect of adoption. First, the validity of the 2025 snapback is itself [contested](#). Russia and China have challenged the legality of the reimposition of sanctions, a dispute that has already divided the Security Council and would complicate any clean resolution reversing course. Second, the principal Security Council movers behind the snapback (France and the United Kingdom) not only triggered the snapback but have (along with Germany) continued to press Iran over its non-cooperation with the IAEA, so their support for a resolution lifting the sanctions should not be assumed.

Distinct from UN sanctions, numerous countries, in particular the United Kingdom and EU Member States, maintain autonomous sanctions on Iran that the MOU does not (and cannot) touch and that would remain in full force without further action from those countries.^[15] The European Union and United Kingdom may, as a discretionary policy matter, suspend or lift their nuclear-related autonomous measures to parallel any U.S. relief (as both did in 2015–16 under the JCPOA), but they are under no obligation to do so (and do not appear so inclined at present). Critically, EU and UK nuclear sanctions are only part of the picture. Both maintain sanctions regulations independent from nuclear-related measures. For example, under EU law, Iran is also targeted by a regime focused on the country's military support for Russia.

Indeed, [throughout 2026](#), the European Union has been expanding, not relaxing, its Iran sanctions on grounds unrelated to nuclear issues: it designated the IRGC as a terrorist organization in February 2026, adopted further human-rights designations in the first quarter, and broadened its framework to target those impeding freedom of navigation in the Strait of Hormuz (under the Russia-related sanctions program). The United Kingdom also maintains a parallel architecture across nuclear and other Iran issues. Because a nuclear-focused deal would not reach these separate bases, even full relief on nuclear-related measures would not alter these other substantial EU and UK sanctions measures.

Although it is too early to predict what diplomatic consensus, if any, the United States will reach with global partners, the first responses from Europe have been cool. The EU High Representative for Foreign Affairs and Security Policy has [stressed](#) that the European Union would leave its sanctions on Iran for now, the French foreign minister Jean-Noël Barrot has conditioned his support for the deal on whether it also addresses Iran's support for local militant groups, and the major European powers have [stated](#) they are prepared to lift only "relevant

sanctions,” and only “in response to clear, verifiable steps by Iran on its nuclear program[].” Overall, the European Union and United Kingdom are focused on behavioral change and broader regional stability (notably, peace in Lebanon)—not just on free passage through geographic chokepoints and normalized energy supplies. As the lifting of sanctions in Europe would require unanimity among Member States, clear answers on these points are essential to build broad consensus.

If the goals of the MOU are realized, the locus of legal risk for companies operating in Europe and the United Kingdom could shift from the sanctions imposed by the United States to the measures these other governments have left in place. Historically, U.S. secondary sanctions have deterred European engagement. Whatever the United States ultimately decides with respect to its sanctions on Iran, Europe’s own response runs through its [Blocking Statute](#), which attempts to prohibit EU parties from complying with specified U.S. sanctions (including some on Iran). If the U.S. deterrent recedes, EU and UK parties would no longer be caught between Washington and their home regulators but would instead be principally concerned by the EU and UK measures described above, which are likely to remain in force.

IX. Looking Forward

Even if the 60-day U.S.-Iran negotiations yield comprehensive U.S. sanctions relief and financial incentives and open a less hostile chapter between the two countries, whether that opening actually materializes into expanded business ties will turn on factors such as U.S. state-level restrictions, private-sector confidence, and the response of the insurance market, which will reveal themselves only with time. The cautious posture that followed the JCPOA offers a preview of industry behavior likely to take hold here.

First, broad U.S. federal sanctions and economic relief, which would be difficult to achieve for the reasons explained above, would not automatically remove U.S. state-level measures targeting Iran, which are principally tied to public-pension divestment and state-contracting eligibility. While federal relief would likely set off a ripple effect, how and whether individual states would unwind their own restrictions in light of their own political dynamics remains to be seen.

Second, even assuming U.S. sanctions relief is delivered in full, legal authorization alone will not generate the confidence that cross-border investment requires, particularly given that, for the time being, the United States is acting alone. Iran offers genuinely attractive opportunities—in energy, in its sizable and highly educated consumer market, and in the reconstruction effort the MOU contemplates—and the commercial pull is legitimate. But against the backdrop of the past months of armed conflict, decades of hostility that preceded them, a significantly corrupt and centralized Iranian economy, an emboldened leadership committing human rights abuses on a massive scale, and a broader regime that has promised to use assets generated from sanctions relief to rebuild its military and proxy networks, businesses will reasonably wait to see whether a new era of U.S.-Iran relations proves durable and indicates real change by the Iranian authorities before committing capital. The JCPOA provides a cautionary tale: even after a broad, multilateral deal, many firms were slow to enter Iran, even before the U.S. withdrawal in 2018. While the JCPOA arguably did not have a chance to deliver that relief—after all, the initial sanctions relief only entered into force in January 2016, and in November of that year President Trump, who had made it clear during the campaign that he would withdraw from the deal if

elected, won the Presidency—it remains the case that there was reticence and that reticence would likely have continued. That history advises caution here, where the framework remains provisional.

Third, the insurance market may prove to be a gating factor. Providers of political risk and directors and officers coverage may price the risk conservatively, or limit capacity, until the arrangement proves itself—and where coverage is unavailable or too costly, even businesses ready to act may find re-entry impractical.

In short, it remains to be seen how the promised U.S. sanctions relief will be delivered (if at all), how industry responds, and whether other jurisdictions follow. Gibson Dunn is closely monitoring the implementation of the U.S.-Iran MOU and will keep our clients updated as the situation evolves. Please do not hesitate to contact the team below should you have any questions about your current or future business, sanctions, or litigation considerations with respect to Iran.

[1] A general license authorizes a particular type of transaction for a class of persons without the need to apply for a specific license. A specific license, on the other hand, is a written document issued by OFAC to a particular person or entity, authorizing a particular transaction in response to a written license application.

[2] The Strait of Hormuz is approximately 21 nautical miles wide at its narrowest point. See U.S. Energy Information Administration, *The Strait of Hormuz is the world's most important oil transit chokepoint* (Jan. 4, 2012), available at <https://www.eia.gov/todayinenergy/detail.php?id=4430>. Because Iran and Oman each claim a 12-nautical-mile territorial sea, the navigable channel lies entirely within their territorial waters. See Nilufer Oral, *Transit Passage Rights in the Strait of Hormuz and Iran's Threats to Block the Passage of Oil Tankers*, 16 ASIL Insights, Issue 16 (May 2012), available at <https://asil.org/insights/volume-16-issue-16/>.

[3] UNCLOS arts. 38, 42 and 44 (transit passage may not be impeded or suspended; the laws of states bordering straits are confined to safety of navigation, pollution, fishing, and customs or fiscal matters, must be non-discriminatory, and must not impair transit); *id.* art. 26 (no charge may be imposed merely for passage through the territorial sea, and any charge must correspond to specific services rendered and be levied without discrimination). Article 26 sits among the Part II (innocent-passage) provisions; its no-charge principle applies with even greater force to the more protective transit-passage regime, whose bar on suspension (art. 44) would be hollowed out by tolling. The United States, though not a party to UNCLOS, treats the straits-transit regime as customary international law.

[4] Iran signed UNCLOS in 1982 but has not ratified it, declaring upon signature that only states parties may invoke the Convention's contractual rights, including the right of transit passage through straits used for international navigation. Iran's 1993 Marine Areas Act recognizes only innocent passage. Oman ratified UNCLOS in 1989, subject to declarations. Oman has publicly rejected Iran's proposed transit fees. See The Washington Institute for Near East Policy, *Clarifying Freedom of Navigation in the Gulf* (Jul. 2019), available at <https://www.washingtoninstitute.org/policy-analysis/clarifying-freedom-navigation-gulf>; The Eno Center for Transportation, *The Legal Question of Tolling Hormuz* (Apr. 2026), available at <https://enotrans.org/article/the-legal-question-of-tolling-hormuz/>. See also Arab News, *Oman*

confirms Strait of Hormuz will remain toll-free (Jun. 25, 2026), available at <https://www.arabnews.com/node/2648575/middle-east>.

[5] Iran's parliamentary committee approved a bill, the "Strait of Hormuz Management Plan" (reported March 30, 2026), which codifies the transit-fee regime, authorizing charges of up to roughly \$2 million per voyage, framed as security- and environment-related fees, and has conditioned passage on vessel nationality, a discrimination impermissible under UNCLOS arts. 42 and 44. See Institute for the Study of War, *Iran Update Special Report* (Mar. 31, 2026), available at <https://understandingwar.org/research/middle-east/iran-update-special-report-march-31-2026/>; EJIL: Talk!, *Codifying Coercion: Iran's "New Legal Regime" and the Law of International Straits* (Apr. 2026), available at <https://www.ejiltalk.org/codifying-coercion-irans-new-legal-regime-and-the-law-of-international-straits/>.

[6] Convention Regarding the Régime of the Straits (Montreux), July 20, 1936, 173 L.N.T.S. 213, arts. 1 and 2 and Annex I (in peacetime, merchant vessels of any flag enjoy full freedom of transit, and no charges may be imposed beyond the cost-based dues authorized in Annex I, namely sanitary, lighthouse and light-or-buoy, and life-saving dues); UNCLOS art. 35(c) (Part III does not affect the legal regime in straits whose passage is regulated, in whole or in part, by longstanding international conventions in force). Montreux thus confirms that even a coastal-state-administered straits regime cannot levy general transit tolls, and that any such regime rests on a multilateral convention accepted by user states.

[7] U.S. Energy Information Administration, *World Oil Transit Chokepoints* (2017, last updated Mar. 3, 2026), available at https://www.eia.gov/international/analysis/special-topics/world_oil_transit_chokepoints (about 20 million b/d, roughly one-quarter of global seaborne oil); U.S. Energy Information Administration, *About one-fifth of global liquefied natural gas trade flows through the Strait of Hormuz* (June 24, 2025), available at <https://www.eia.gov/todayinenergy/detail.php?id=65584>; Cong. Research Serv., R45281, *Iran Conflict and the Strait of Hormuz: Impacts on Oil, Gas, and Other Commodities* (2026), available at <https://www.congress.gov/crs-product/R45281> (combined bypass-pipeline capacity is well below strait throughput, and there is no pipeline alternative for LNG).

[8] U.S. International Development Finance Corporation maritime reinsurance facility (war risk): announced March 6, 2026 at approximately \$20 billion of coverage on a rolling basis, with Chubb as lead underwriter, and doubled to approximately \$40 billion on April 3, 2026 as additional U.S. insurers joined. Coverage (initially hull, machinery, and cargo, later including liability) remained available, but vessel-safety concerns kept traffic sharply reduced regardless of capacity. See DFC, *DFC Announces \$20B Plan for Maritime Reinsurance in the Gulf* (Mar. 6, 2026), available at <https://www.dfc.gov/media/press-releases/dfc-announces-20b-plan-maritime-reinsurance-gulf>; Insurance Journal, *US Doubles Hormuz Reinsurance Guarantees to \$40 Billion* (Apr. 6, 2026), available at <https://www.insurancejournal.com/news/international/2026/04/06/864586.htm>; Cong. Research Serv., IN12688, *DFC Shipping Reinsurance Facility: Iran Conflict and the Strait of Hormuz* (May 2026), available at <https://www.congress.gov/crs-product/IN12688>.

[9] Reporting indicates an IRGC charge of roughly \$1 per barrel, or about \$2 million for a very large crude carrier. See Brookings, *From Chokepoint to Crisis: The Strait of Hormuz and Global Oil Markets* (June 8, 2026), available at <https://www.brookings.edu/articles/from-chokepoint-to-crisis-the-strait-of-hormuz-and-global-oil-markets/>; The Eno Center for Transportation, *supra*. On

the sanctions consequences of any such payment, see OFAC FAQ [No. 1249](#) (Apr. 28, 2026, updated May 29, 2026) (advising that U.S. persons, including U.S. financial institutions and U.S.-owned or -controlled foreign entities, may not make such safe-passage payments to the Government of Iran or the IRGC, and that non-U.S. persons face significant sanctions exposure for doing so).

[10] See Brookings, *supra* (warning that normalizing a Hormuz toll would invite emulation at other chokepoints, including the Straits of Malacca and Gibraltar, Bab-el-Mandeb, and the Danish Straits).

[11] Terrorism Risk Insurance Act of 2002, Pub. L. No. 107-297, 116 Stat. 2322, reauthorized through December 31, 2027 by the Terrorism Risk Insurance Program Reauthorization Act of 2019, Pub. L. No. 116-94. The program backstops insured losses from Treasury-certified acts of terrorism in covered U.S. commercial property and casualty lines; marine hull and cargo war-risk on foreign-flag tonnage arising from a state-on-state conflict falls outside it.

[12] TRIA § 201(a), Pub. L. No. 107-297, 116 Stat. 2322, 2337 (codified at 28 U.S.C. § 1610 note), provides that a person holding a judgment against a terrorist party on a claim under 28 U.S.C. § 1605A may execute or attach against the blocked assets of that party, including the blocked assets of its agencies and instrumentalities, to the extent of compensatory damages.

[13] *Bank Markazi v. Peterson*, 578 U.S. 212 (2016) (upholding 22 U.S.C. § 8772, which made approximately \$1.75 billion in blocked Central Bank of Iran assets available to terrorism-judgment creditors); 28 U.S.C. § 1610(g) (subjecting the property of a foreign state and its agencies and instrumentalities to attachment for § 1605A judgments notwithstanding separate juridical status); see also *Rubin v. Islamic Republic of Iran*, 583 U.S. 202 (2018) (stating that § 1610(g) abrogates the *Bancec* separateness presumption but does not itself create a freestanding attachment exception).

[14] Unblocking or licensing assets does not extinguish the vested rights of existing judgment creditors, and repatriating Iranian funds into the United States would expose them to execution. Cf. *Bank Markazi*, 578 U.S. 212.

[15] See Council Regulation (EU) No 267/2012 of 23 March 2012 concerning restrictive measures against Iran, and Council Decision 2010/413/CFSP of 26 July 2010, each as amended following the snapback by Council Regulation (EU) 2025/1975 and Council Decision (CFSP) 2025/1972 of 29 September 2025 respectively; asset-freeze designations reinstated by Council Implementing Regulation (EU) 2025/1980 and Council Implementing Regulation (EU) 2025/1982 of 29 September 2025. For the United Kingdom, see the Iran (Sanctions) (Nuclear) (EU Exit) Regulations 2019, S.I. 2019/461, as amended by the Iran (Sanctions) (Nuclear) (EU Exit) (Amendment) Regulations 2025, S.I. 2025/1052; see also the Iran (Sanctions) Regulations 2023, S.I. 2023/1314 (as amended), for the United Kingdom's broader human-rights and hostile-activity regime.

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