AN ACT

To amend the Iran Sanctions Act of 1996 to expand and clarify the entities against which sanctions may be imposed.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
SECTION 1. CLARIFICATION AND EXPANSION OF DEFINITIONS.

(a) PERSON.—Section 14(13)(B) of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended to read as follows:

“(B)(i) a corporation, business association, partnership, society, trust, financial institution, insurer, underwriter, guarantor, and any other business organization;

“(ii) any foreign subsidiary of any entity described in clause (i); and

“(iii) any governmental entity operating as a business enterprise, such as an export credit agency; and”.

(b) PETROLEUM RESOURCES.—Section 14(14) of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by inserting after “petroleum” the second place it appears the following: “, petroleum refining capacity, liquefied natural gas,”.

(c) CONSTRUCTION.—The amendments made by this section shall not be construed to require the imposition of any measure under section 5 of the Iran Sanctions Act of 1996 against any natural person or other entity that is not specifically described in section 14(13) of that Act, as amended by this section.
SEC. 2. APPLICATION TO SUBSIDIARIES.

(a) IN GENERAL.—Except as provided in subsection (b), in any case in which an entity engages in an act outside the United States which, if committed in the United States or by a United States person, would violate Executive Order No. 12959 of May 6, 1995, Executive Order No. 13059 of August 19, 1997, or any other prohibition on transactions with respect to Iran that is imposed under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) and if that entity was created or availed of for the purpose of engaging in such an act, the parent company of that entity shall be subject to the penalties for such violation to the same extent as if the parent company had engaged in that act.

(b) EXCEPTION.—Subsection (a) shall not apply to any act carried out under a contract or other obligation of any entity if—

(1) the contract or obligation existed on May 22, 2007, unless such contract or obligation is extended in time in any manner or expanded to cover additional activities beyond the terms of the contract or other obligation as it existed on May 22, 2007; or

(2) the parent company acquired that entity not knowing, and not having reason to know, that such contract or other obligation existed, unless such con-
tract or other obligation is extended in time in any manner or expanded to cover additional activities beyond the terms of such contract or other obligation as it existed at the time of such acquisition.

(c) CONSTRUCTION.—Nothing in this section shall be construed as prohibiting the issuance of regulations, orders, directives, or licenses under the Executive orders described in subsection (a) or as being inconsistent with the authorities under the International Emergency Economic Powers Act.

(d) DEFINITIONS.—In this section—

(1) the term “entity” means a partnership, association, trust, joint venture, corporation, or other organization;

(2) an entity is a “parent company” of another entity if it controls, directly or indirectly, that other entity and is a United States person; and

(3) the term “United States person” means any United States citizen, any alien lawfully admitted for permanent residence to the United States, any entity
organized under the laws of the United States, or
any person in the United States.


Attest:       LORRAINE C. MILLER,
              Clerk.