To clarify certain provisions relating to the interests of Iran in certain assets, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

February 16, 2012

Mr. Turner of New York introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To clarify certain provisions relating to the interests of Iran in certain assets, and for other purposes.

1. Be it enacted by the Senate and House of Representa-
2. tives of the United States of America in Congress assembled,
3. SECTION 1. INTERESTS IN FINANCIAL ASSETS OF IRAN.
4. (a) INTERESTS IN BLOCKED ASSETS.—Notwith-
5. standing any other provision of law, and preemting any
6. inconsistent provision of State law, the property interest
7. of Iran in a blocked asset shall include an interest in prop-
8. erty of any nature whatsoever, direct or indirect, including
9. any direct or indirect interest in securities or other finan-

cial assets immobilized or in any other manner held in
book entry form and credited to a securities account in
the United States and the proceeds thereof, or in any
funds transfers held in a United States financial institu-
tion. The property interest of Iran in securities or other
financial assets immobilized or in any other manner held
in book entry form and credited to a securities account
in the United States and proceeds thereof shall be deemed
to exist at every tier of securities intermediary necessary
to hold an interest in any such securities or other financial
assets. The property interest of Iran in a funds transfer
shall exist at any intermediary bank necessary to complete
such funds transfer.

(b) PROPERTY IN THE UNITED STATES OF IRAN.—
Notwithstanding any other provision of law, and pre-
empting any inconsistent provision of State law, the prop-
erty, including any interest in the property, of Iran shall
be deemed to be property in the United States of Iran
if—

(1) that property is an interest, held directly or
indirectly for the benefit of Iran or for the benefit
of any securities intermediary that directly or indi-
rectly holds the interest for the benefit of Iran, in
securities or other financial assets that are rep-
resented by certificates or are in other physical form
and are immobilized, custodized, or held for safe-
keeping or any other reason in the United States; or

(2) that property is an interest in securities or
other financial assets held in book entry form or oth-
otherwise, and credited to a securities account in the
United States by any securities intermediary directly
or indirectly for the benefit of Iran or for the benefit
of any other securities intermediary that directly or
indirectly holds the interest for the benefit of Iran.

(c) Determination of Whether Securities or

Other Assets Are Held or Credited to a Securi-
ties Account in the United States.—For purposes
of this section, an interest in securities or other financial
assets is held and credited to a securities account in the
United States by a securities intermediary if the securities
 intermediary is located in the United States. A securities
 intermediary is conclusively presumed to be located in the
United States if it is regulated in its capacity as a securi-
ties intermediary under the laws of the United States.

(d) Commercial Activity in the United
States.—Notwithstanding any other provision of law, the
ownership by Iran, or its central bank or monetary author-
ity, of any property, including the interest in property de-
scribed in paragraphs (1) and (2) of subsection (b), or
any other interest in property, shall be deemed to be com-
mercinal activity in the United States and that property, including any interest in that property, shall be deemed not to be held for the central bank's or monetary authority's own account.

(e) Applicability.—This section applies to all attachments and proceedings in aid of execution issued or obtained before, on, or after the date of the enactment of this Act with respect to judgments entered against Iran for damages for personal injury or death caused by an act of torture, extrajudicial killing, aircraft sabotage, or hostage-taking, or the provision of material support or resources for such an act.

(f) Definitions.—In this section:

(1) Blocked asset.—The term “blocked asset”—

(A) means any asset seized or frozen by the United States under section 5(b) of the Trading With the Enemy Act (50 U.S.C. App. 5(b)) or under section 202 or 203 of the International Emergency Economic Powers Act (50 U.S.C. 1701 and 1702); and

(B) does not include property that—

(i) is subject to a license issued by the United States Government for final payment, transfer, or disposition by or to a
person subject to the jurisdiction of the United States in connection with a transaction for which the issuance of the license has been specifically required by a provision of law other than the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) or the United Nations Participation Act of 1945 (22 U.S.C. 287 et seq.); or

(ii) is property subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations, or that enjoys equivalent privileges and immunities under the laws of the United States, and is being used exclusively for diplomatic or consular purposes.

(2) **CLEARING CORPORATION.**—The term "clearing corporation" means—

(A) a clearing agency (as defined in section 3(a)(23) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(23)));

(B) a Federal reserve bank; or

(C) any other person that provides clearance or settlement services with respect to financial assets that would require it to register
as a clearing agency under the Federal securities laws but for an exclusion or exemption from the registration requirement under section 3(a)(23)(B) of the Securities Exchange Act of 1934, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a Federal or State governmental authority.

(3) **Financial asset; security.**—The terms “financial asset” and “security” have the meanings given those terms in the Uniform Commercial Code.

(4) **Iran.**—The term “Iran” means the Government of Iran, including the central bank or monetary authority of that Government and any agency or instrumentality of that Government.

(5) **Property subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations.**—The term “property subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations” means any property the attachment in aid of execution or execution of which would result in a violation of an obligation of the United States under the Vienna Convention on Diplomatic Relations, done at Vienna April 18, 1961, or the
Convention on Consular Relations, done at Vienna April 24, 1963.

(6) Securities intermediary.—The term “securities intermediary” means—

(A) a clearing corporation; or

(B) a person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

(7) United States.—The terms “United States” includes all territory and waters, continental or insular, subject to the jurisdiction of the United States.

SEC. 2. Exceptions to the immunity from attachment or execution.

(a) Title 28, United States Code.—Section 1610 of title 28, United States Code, is amended—

(1) in subsection (a)(7), by inserting after “section 1605A” the following: “or section 1605(a)(7) (as such section was in effect on January 27, 2008)”;

(2) in subsection (b)—

(A) in paragraph (2)—
(i) by striking “(5), 1605(b), or 1605A” and inserting “(5) or 1605(b)”;

and

(ii) by striking the period at the end and inserting “, or”; and

(B) by adding after paragraph (2) the following:

“(3) the judgment relates to a claim for which the agency or instrumentality is not immune by virtue of section 1605A of this chapter or section 1605(a)(7) of this chapter (as such section was in effect on January 27, 2008), regardless of whether the property is or was involved in the act upon which the claim is based.”;

(3) by amending subsection (c) to read as follows:

“(c)(1) No attachment or execution referred to in any of paragraphs (1) through (6) of subsection (a), or in paragraph (1) or (2) of subsection (b), shall be permitted until the court of original jurisdiction has ordered such attachment and execution after having determined that a reasonable period of time has elapsed following the entry of judgment and the giving of any notice required under section 1608(e) of this chapter.
“(2) No attachment or execution referred to in paragraph (7) of subsection (a) or paragraph (3) of subsection (b) shall be permitted until the court of original jurisdiction has ordered that such attachment and execution may proceed after having determined that a reasonable period of time has elapsed following the entry of judgment and the giving of any notice required under section 1608(e) of this chapter. For purposes of the preceding sentence, substantial compliance with the requirements of section 1608(e) shall be deemed to be sufficient service under such section, and the rejection of or refusal to accept delivery of a default judgment served in substantial compliance with such requirements shall not affect the sufficiency of such service. The order of the court under this paragraph need not specify the assets that are to be subject to such attachment or execution.”; and

(4) in subsection (g)(1), in the matter preceding subparagraph (A), by inserting after “section 1605A” the following: “or section 1605(a)(7) (as such section was in effect on January 27, 2008)”.

(b) TERRORISM RISK INSURANCE ACT OF 2002.—Section 201(a) of the Terrorism Risk Insurance Act of 2002 (28 U.S.C. 1610 note) is amended by striking “section 1605(a)(7)” and inserting “section 1605A or
1605(a)(7) (as such section was in effect on January 27, 2008)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181; 122 Stat. 3) and shall apply with respect to—

(1) any judgment pursuant to section 1605A of title 28, United States Code, or section 1605(a)(7) of such Code (as such section was in effect on January 27, 2008), that is entered before, on, or after the date of the enactment of such Act; and

(2) any attachment or other proceedings in aid of execution, or execution, that is issued, obtained, or commenced before, on, or after the date of the enactment of such Act, upon a judgment described in paragraph (1).