To strengthen the multilateral sanctions regime with respect to Iran, to expand sanctions relating to the energy sector of Iran, the proliferation of weapons of mass destruction by Iran, and human rights abuses in Iran, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2012

Mr. SHERMAN (for himself and Ms. ROS-LEHTINEN) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, the Judiciary, and Oversight and Government Reform, 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 strengthen the multilateral sanctions regime with respect to Iran, to expand sanctions relating to the energy sector of Iran, the proliferation of weapons of mass destruction by Iran, and human rights abuses in Iran, 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. SHORT TITLE.

4 This Act may be cited as the “Iran Financial Sanc-
5 tions Improvement Act of 2012”.

112TH CONGRESS
2D SESSION

H. R. 4179
SEC. 2. REPORTS ON, AND AUTHORIZATION OF IMPOSITION
OF SANCTIONS WITH RESPECT TO, THE PRO-
VISION OF SERVICES TO THE CENTRAL BANK
OF IRAN AND IRANIAN FINANCIAL INSTITU-
TIONS.

(a) REPORT ON THE PROVISION OF SERVICES TO
IRANIAN FINANCIAL INSTITUTIONS.—Not later than 60
days after the date of the enactment of this Act, the
Comptroller General of the United States shall submit to
the appropriate congressional committees a list of all
known entities that provide services to, or enable or facili-
tate access to services for, the Central Bank of Iran or
any Iranian financial institution.

(b) REPORT ON EFFORTS TO TERMINATE THE PRO-
VISION BY CERTAIN ENTITIES OF SERVICES TO IRANIAN
FINANCIAL INSTITUTIONS.—Not later than 90 days after
the date of the enactment of this Act, the Secretary of
the Treasury shall submit to the appropriate congressional
committees a report on the status of efforts to ensure that
the Society for Worldwide Interbank Financial Tele-
communication (commonly known as “SWIFT”),
Clearstream, and other entities that provide similar serv-
ices, have terminated the provision of services to, and the
enabling and facilitation of access to services for, the Cen-
tral Bank of Iran and other Iranian financial institutions.
(c) Authorization for the Imposition of Sanctions.—If, on or after the date that is 90 days after the date of the enactment of this Act, an entity has not terminated the provision of services to, or the enabling and facilitation of access to services for, the Central Bank of Iran or any other Iranian financial institution, the President may—

(1) impose sanctions pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) with respect to the entity or its directors; and

(2) in the case of an entity that is a foreign financial institution, prohibit, or impose strict conditions on, the opening or maintaining in the United States of a correspondent account or payable-through account by the entity.

(d) Additional Sanctions.—Section 104(c)(2) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513(c)(2)) is amended—

(1) in subparagraph (D), by striking “or” at the end;

(2) in subparagraph (E)(ii)(II), by striking the period at the end and inserting “; or”; and
(3) by adding at the end the following new sub-
paragraph:

“(F) employs a member of the board of di-
rectors of an entity that has not, by the time
period specified in section 2(e) of the Iran Fi-
nancial Sanctions Improvement Act of 2012,
terminated the provision of services to, or the
enabling and facilitation of access to services
for, the Central Bank of Iran or any other Ira-
nian financial institution (as defined in sub-
section (j)(1)(E)) and—

“(i) provides services relating to se-
cure communications, electronic funds
transfers, or cable transfers; and

“(ii) provides such services to, or en-
ables or facilitates access to such services
for, the Central Bank of Iran or any Ira-
nian financial institution; or”.

(e) REGULATIONS.—Not later than 90 days after the
date of the enactment of this Act, the Secretary of the
Treasury shall revise the regulations prescribed under sec-
tion 104(c) of the Comprehensive Iran Sanctions, Ac-
countability, and Divestment Act of 2010 (22 U.S.C.
8513(c)) to carry out the amendments made by subsection
(d) of this section.
(f) DEFINITIONS.—In this section:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means—

(A) in the House of Representatives—

(i) the Committee on Foreign Affairs;

and

(ii) the Committee on Financial Services; and

(B) in the Senate—

(i) the Committee on Foreign Relations; and

(ii) the Committee on Banking, Housing, and Urban Affairs.

(2) FOREIGN FINANCIAL INSTITUTION.—The term “foreign financial institution” has the meaning given that term in section 104 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513).

(3) IRANIAN FINANCIAL INSTITUTION.—The term “Iranian financial institution” has the meaning given that term in section 104 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513), as amended by section 3.
(4) Services.—The term “services” includes communications, or financial (including trade and post-trade), hardware, software, or professional consulting services.

SEC. 3. EXPANSION OF CERTAIN SANCTIONS UNDER THE COMPREHENSIVE IRAN SANCTIONS, ACCOUNTABILITY, AND DIVESTMENT ACT OF 2010 TO APPLY WITH RESPECT TO ALL IRANIAN FINANCIAL INSTITUTIONS.

(a) In General.—Section 104(c)(2) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513(c)(2)) (as amended by section 2(d) of this Act) is further amended—

(1) in subparagraph (E)—

(A) in clause (i), by striking “or” at the end; and

(B) by adding at the end the following new clause:

“(iii) any other Iranian financial institution (as defined in subsection (j)(1)(E)); or”; and

(2) by adding at the end the following new subparagraph:

“(G) fails to submit a report required by subsection (i).”.
(b) **PUBLIC DISCLOSURE OF FINANCIAL DEALINGS WITH IRANIAN FINANCIAL INSTITUTIONS.**—Section 104 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513) is amended—

(1) by redesignating subsection (i) as subsection (j); and

(2) by inserting after subsection (h) the following new subsection:

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(i) REQUIREMENTS FOR FOREIGN FINANCIAL INSTITUTIONS MAINTAINING CORRESPONDENT ACCOUNTS OR PAYABLE-THROUGH ACCOUNTS IN THE UNITED STATES.—
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“(1) IN GENERAL.—Not later than 180 days after the date of the enactment of the Iran Financial Sanctions Improvement Act of 2012 and every 180 days thereafter, each head of a foreign financial institution that maintains a correspondent account or a payable-through account in the United States shall submit to the Secretary of the Treasury a report that describes any financial dealings of the foreign financial institution with an Iranian financial institution during the 180-day period preceding the submission of each such report, including—
“(A) correspondent accounts and payable-through accounts maintained with an Iranian financial institution;

“(B) transactions conducted with or facilitated for an Iranian financial institution;

“(C) services provided to an Iranian financial institution; and

“(D) funds held for or on behalf of an Iranian financial institution.

“(2) PUBLIC DISCLOSURE.—The Secretary of the Treasury shall post a copy of each such report submitted under paragraph (1) on the website of the Department of the Treasury not later than 72 hours after the report is submitted.”.

(c) IRANIAN FINANCIAL INSTITUTION DEFINED.—

Paragraph (1) of section 104(j) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513(j)) (as redesignated by subsection (b) of this section) is amended—

(1) by redesignating subparagraph (E) as subparagraph (F); and

(2) by inserting after subparagraph (D) the following new subparagraph:
“(E) IRANIAN FINANCIAL INSTITUTION.—

The term ‘Iranian financial institution’ means—

“(i) a financial institution organized under the laws of Iran or any jurisdiction within Iran, including a foreign branch of such an institution;

“(ii) a financial institution located in Iran;

“(iii) a financial institution, wherever located, owned or controlled by the Government of Iran; and

“(iv) a financial institution, wherever located, owned or controlled by a financial institution described in clause (i), (ii), or (iii).”.

(d) REGULATIONS.—Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury shall make such revisions to the regulations prescribed under section 104 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513) as are necessary to carry out the amendments made by this section.
SEC. 4. EXPANSION OF SANCTIONS UNDER THE NATIONAL
DEFENSE AUTHORIZATION ACT FOR FISCAL
YEAR 2012 TO APPLY WITH RESPECT TO
TRANSACTIONS WITH AND THE MAINTENANCE OF FUNDS OR ACCOUNTS FOR ALL
IRANIAN FINANCIAL INSTITUTIONS.

(a) IN GENERAL.—Section 1245(d) of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112–81) is amended—

(1) in paragraph (1)(A), by striking “the Central Bank of Iran” and all that follows through “et seq.” and inserting “, or maintained funds or accounts for or on behalf of, the Central Bank of Iran or another Iranian financial institution”; and

(2) by striking paragraph (3) and inserting the following:

“(3) APPLICABILITY OF SANCTIONS WITH RESPECT TO FOREIGN CENTRAL BANKS.—Sanctions imposed under paragraph (1)(A) shall apply with respect to a foreign financial institution owned or controlled by the government of a foreign country, including a central bank of a foreign country, to the same extent and in the same manner as such sanctions apply to other foreign financial institutions.”.

(b) IRANIAN FINANCIAL INSTITUTION DEFINED.—

Section 1245(h) of the National Defense Authorization
Act for Fiscal Year 2012 (Public Law 112–81) is amended—

(1) in paragraph (2), by striking “(i)” each place it appears and inserting “(j)”;

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting after paragraph (2) the following new paragraph:

“(3) IRANIAN FINANCIAL INSTITUTION.—The term ‘Iranian financial institution’ has the meaning given that term in section 104 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513).”.

SEC. 5. IMPOSITION OF SANCTIONS WITH RESPECT TO THE PROVISION OF UNDERWRITING SERVICES OR INSURANCE OR REINSURANCE FOR ACTIVITIES OR PERSONS WITH RESPECT TO WHICH SANCTIONS HAVE BEEN IMPOSED.

(a) IN GENERAL.—Except as provided in subsection (c), not later than 60 days after the date of the enactment of this Act, the President, in addition to any other penalty provided for by applicable law, shall impose a majority of the sanctions described subsection (b) with respect to a person if the President determines that the person know-
ingly, on or after such date of enactment, provides underwriting services or insurance or reinsurance—

(1) for any activity with respect to Iran for which sanctions have been imposed under this Act, the Iran Sanctions Act of 1996, the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8501 et seq.), the Iran, North Korea, and Syria Nonproliferation Act (Public Law 106–178; 50 U.S.C. 1701 note), the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), or any other provision of law relating to the imposition of sanctions with respect to Iran; or

(2) to or for any person—

(A) on which sanctions have been imposed under any such Act or provision of law for engaging in an activity with respect to Iran; or

(B) designated for the imposition of sanctions pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) in connection with—

(i) Iran’s proliferation of weapons of mass destruction or delivery systems for weapons of mass destruction; or

(ii) Iran’s support for international terrorism.
(b) **SANCTIONS DESCRIBED.**—The sanctions to be imposed on a person under subsection (a) are as follows:

1. **EXPORT-IMPORT BANK ASSISTANCE FOR EXPORTS TO SANCTIONED PERSONS.**—The President may direct the Export-Import Bank of the United States to not give approval for the issuance of any guarantee, insurance, extension of credit, or participation in the extension of credit in connection with the export of any goods or services to any sanctioned person.

2. **EXPORT SANCTION.**—The President may order the United States Government not to issue any specific license and not to grant any other specific permission or authority to export any goods or technology to a sanctioned person under—

   (A) the Export Administration Act of 1979 (as continued in effect pursuant to the International Emergency Economic Powers Act);

   (B) the Arms Export Control Act;

   (C) the Atomic Energy Act of 1954; or

   (D) any other law that requires the prior review and approval of the United States Government as a condition for the export or reexport of goods or services.
(3) Loans from United States financial institutions.—The United States Government may prohibit any United States financial institution from making loans or providing credits to any sanctioned person totaling more than $10,000,000 in any 12-month period unless such person is engaged in activities to relieve human suffering and the loans or credits are provided for such activities.

(4) Prohibitions on financial institutions.—The following prohibitions may be imposed against a sanctioned person that is a financial institution:

(A) Prohibition on designation as primary dealer.—Neither the Board of Governors of the Federal Reserve System nor the Federal Reserve Bank of New York may designate, or permit the continuation of any prior designation of, such financial institution as a primary dealer in United States Government debt instruments.

(B) Prohibition on service as a repository of government funds.—Such financial institution may not serve as agent of the United States Government or serve as repository for United States Government funds.
The imposition of either sanction under subparagraph (A) or (B) shall be treated as one sanction for purposes of subsection (a), and the imposition of both such sanctions shall be treated as two sanctions for purposes of such subsection.

(5) PROCUREMENT SANCTION.—The United States Government may not procure, or enter into any contract for the procurement of, any goods or services from a sanctioned person.

(6) FOREIGN EXCHANGE.—The President may prohibit any transactions in foreign exchange that are subject to the jurisdiction of the United States and in which the sanctioned person has any interest.

(7) BANKING TRANSACTIONS.—The President may prohibit any transfers of credit or payments between financial institutions or by, through, or to any financial institution, to the extent that such transfers or payments are subject to the jurisdiction of the United States and involve any interest of the sanctioned person.

(8) PROPERTY TRANSACTIONS.—The President may prohibit any person from—

(A) acquiring, holding, withholding, using, transferring, withdrawing, transporting, or exporting any property that is subject to the ju-
risdiction of the United States and with respect to which a sanctioned person has any interest;

(B) dealing in or exercising any right, power, or privilege with respect to such property; or

(C) conducting any transaction involving such property.

(9) GROUNDS FOR EXCLUSION.—The Secretary of State may deny a visa to, and the Secretary of Homeland Security may deny admission into the United States to, any alien whom the Secretary of State determines is an alien who, on or after the date of the enactment of this Act, is a—

(A) corporate officer, principal, or shareholder with a controlling interest of a person against whom sanctions have been imposed under subsection (a);

(B) corporate officer, principal, or shareholder with a controlling interest of a successor entity to or a parent or subsidiary of such a sanctioned person;

(C) corporate officer, principal, or shareholder with a controlling interest of an affiliate of such a sanctioned person, if such affiliate engaged in a sanctionable activity described in
subsection (a) and if such affiliate is controlled in fact by such sanctioned person; or

(D) spouse, minor child, or agent of a person inadmissible under subparagraph (A), (B), or (C).

(10) Sanctions on Principal Executive Officers.—The President may impose on the principal executive officer or officers of any sanctioned person, or on persons performing similar functions and with similar authorities as such officer or officers, any of the sanctions under this subsection.

(11) Additional Sanctions.—The President may impose additional sanctions, as appropriate, in accordance with the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.).

(e) Exception for Underwriters and Insurance Providers Exercising Due Diligence.—The President may not impose sanctions under subsection (a) with respect to a person that provides underwriting services or insurance or reinsurance if the President determines that the person has exercised due diligence in establishing and enforcing official policies, procedures, and controls to ensure that the person does not provide underwriting services or insurance or reinsurance for an activity
described in paragraph (1) of such subsection or to or for
a person described in paragraph (2) of such subsection.

(d) FINANCIAL INSTITUTION DEFINED.—The term
“financial institution” includes—

(1) a depository institution (as defined in sec-
tion 3(c)(1) of the Federal Deposit Insurance Act),
including a branch or agency of a foreign bank (as
defined in section 1(b)(7) of the International Bank-
ing Act of 1978);

(2) a credit union;

(3) a securities firm, including a broker or dealer;

(4) an insurance company, including an agency
or underwriter; and

(5) any other company that provides financial
services, including joint ventures with Iranian enti-
ties both inside and outside of Iran and partnerships
or investments with Iranian government-controlled
entities or affiliated entities.