

112TH CONGRESS  
2D SESSION

# H. R. 4179

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.

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## 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

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## 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”.

1 **SEC. 2. REPORTS ON, AND AUTHORIZATION OF IMPOSITION**  
2 **OF SANCTIONS WITH RESPECT TO, THE PRO-**  
3 **VISION OF SERVICES TO THE CENTRAL BANK**  
4 **OF IRAN AND IRANIAN FINANCIAL INSTITU-**  
5 **TIONS.**

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

14 (b) REPORT ON EFFORTS TO TERMINATE THE PRO-  
15 VISION BY CERTAIN ENTITIES OF SERVICES TO IRANIAN  
16 FINANCIAL INSTITUTIONS.—Not later than 90 days after  
17 the date of the enactment of this Act, the Secretary of  
18 the Treasury shall submit to the appropriate congressional  
19 committees a report on the status of efforts to ensure that  
20 the Society for Worldwide Interbank Financial Tele-  
21 communication (commonly known as “SWIFT”),  
22 Clearstream, and other entities that provide similar serv-  
23 ices, have terminated the provision of services to, and the  
24 enabling and facilitation of access to services for, the Cen-  
25 tral Bank of Iran and other Iranian financial institutions.

1           (c) AUTHORIZATION FOR THE IMPOSITION OF SANC-  
2 TIONS.—If, on or after the date that is 90 days after the  
3 date of the enactment of this Act, an entity has not termi-  
4 nated the provision of services to, or the enabling and fa-  
5 cilitation of access to services for, the Central Bank of  
6 Iran or any other Iranian financial institution, the Presi-  
7 dent may—

8           (1) impose sanctions pursuant to the Inter-  
9 national Emergency Economic Powers Act (50  
10 U.S.C. 1701 et seq.) with respect to the entity or its  
11 directors; and

12           (2) in the case of an entity that is a foreign fi-  
13 nancial institution, prohibit, or impose strict condi-  
14 tions on, the opening or maintaining in the United  
15 States of a correspondent account or payable-  
16 through account by the entity.

17           (d) ADDITIONAL SANCTIONS.—Section 104(e)(2) of  
18 the Comprehensive Iran Sanctions, Accountability, and  
19 Divestment Act of 2010 (22 U.S.C. 8513(e)(2)) is amend-  
20 ed—

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

23           (2) in subparagraph (E)(ii)(II), by striking the  
24 period at the end and inserting “; or”; and

1           (3) by adding at the end the following new sub-  
2 paragraph:

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

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

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

19           (e) REGULATIONS.—Not later than 90 days after the  
20 date of the enactment of this Act, the Secretary of the  
21 Treasury shall revise the regulations prescribed under sec-  
22 tion 104(c) of the Comprehensive Iran Sanctions, Ac-  
23 countability, and Divestment Act of 2010 (22 U.S.C.  
24 8513(c)) to carry out the amendments made by subsection  
25 (d) of this section.

1 (f) DEFINITIONS.—In this section:

2 (1) APPROPRIATE CONGRESSIONAL COMMIT-  
3 TEES.—The term “appropriate congressional com-  
4 mittees” means—

5 (A) in the House of Representatives—

6 (i) the Committee on Foreign Affairs;

7 and

8 (ii) the Committee on Financial Serv-  
9 ices; and

10 (B) in the Senate—

11 (i) the Committee on Foreign Rela-  
12 tions; and

13 (ii) the Committee on Banking, Hous-  
14 ing, and Urban Affairs.

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

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

1           (4) SERVICES.—The term “services” includes  
2           communications, or financial (including trade and  
3           post-trade), hardware, software, or professional con-  
4           sulting services.

5 **SEC. 3. EXPANSION OF CERTAIN SANCTIONS UNDER THE**  
6                   **COMPREHENSIVE IRAN SANCTIONS, AC-**  
7                   **COUNTABILITY, AND DIVESTMENT ACT OF**  
8                   **2010 TO APPLY WITH RESPECT TO ALL IRA-**  
9                   **NIAN FINANCIAL INSTITUTIONS.**

10          (a) IN GENERAL.—Section 104(c)(2) of the Com-  
11          prehensive Iran Sanctions, Accountability, and Divestment  
12          Act of 2010 (22 U.S.C. 8513(c)(2)) (as amended by sec-  
13          tion 2(d) of this Act) is further amended—

14               (1) in subparagraph (E)—

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

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

19                               “(iii) any other Iranian financial insti-  
20                               tution (as defined in subsection (j)(1)(E));  
21                               or”;

22               (2) by adding at the end the following new sub-  
23          paragraph:

24                   “(G) fails to submit a report required by  
25                   subsection (i).”.

1 (b) PUBLIC DISCLOSURE OF FINANCIAL DEALINGS  
2 WITH IRANIAN FINANCIAL INSTITUTIONS.—Section 104  
3 of the Comprehensive Iran Sanctions, Accountability, and  
4 Divestment Act of 2010 (22 U.S.C. 8513) is amended—

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

7 (2) by inserting after subsection (h) the fol-  
8 lowing new subsection:

9 “(i) REQUIREMENTS FOR FOREIGN FINANCIAL IN-  
10 STITUTIONS MAINTAINING CORRESPONDENT ACCOUNTS  
11 OR PAYABLE-THROUGH ACCOUNTS IN THE UNITED  
12 STATES.—

13 “(1) IN GENERAL.—Not later than 180 days  
14 after the date of the enactment of the Iran Financial  
15 Sanctions Improvement Act of 2012 and every 180  
16 days thereafter, each head of a foreign financial in-  
17 stitution that maintains a correspondent account or  
18 a payable-through account in the United States shall  
19 submit to the Secretary of the Treasury a report  
20 that describes any financial dealings of the foreign  
21 financial institution with an Iranian financial insti-  
22 tution during the 180-day period preceding the sub-  
23 mission of each such report, including—

1           “(A) correspondent accounts and payable-  
2           through accounts maintained with an Iranian  
3           financial institution;

4           “(B) transactions conducted with or facili-  
5           tated for an Iranian financial institution;

6           “(C) services provided to an Iranian finan-  
7           cial institution; and

8           “(D) funds held for or on behalf of an Ira-  
9           nian financial institution.

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

15          (c) IRANIAN FINANCIAL INSTITUTION DEFINED.—  
16          Paragraph (1) of section 104(j) of the Comprehensive Iran  
17          Sanctions, Accountability, and Divestment Act of 2010  
18          (22 U.S.C. 8513(j)) (as redesignated by subsection (b) of  
19          this section) is amended—

20                 (1) by redesignating subparagraph (E) as sub-  
21                 paragraph (F); and

22                 (2) by inserting after subparagraph (D) the fol-  
23                 lowing new subparagraph:



1                   “(E) IRANIAN FINANCIAL INSTITUTION.—

2           The term ‘Iranian financial institution’  
3           means—

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

8                   “(ii) a financial institution located in  
9                   Iran;

10                   “(iii) a financial institution, wherever  
11                   located, owned or controlled by the Govern-  
12                   ment of Iran; and

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

17           (d) REGULATIONS.—Not later than 90 days after the  
18           date of the enactment of this Act, the Secretary of the  
19           Treasury shall make such revisions to the regulations pre-  
20           scribed under section 104 of the Comprehensive Iran  
21           Sanctions, Accountability, and Divestment Act of 2010  
22           (22 U.S.C. 8513) as are necessary to carry out the amend-  
23           ments made by this section.

1 **SEC. 4. EXPANSION OF SANCTIONS UNDER THE NATIONAL**  
2 **DEFENSE AUTHORIZATION ACT FOR FISCAL**  
3 **YEAR 2012 TO APPLY WITH RESPECT TO**  
4 **TRANSACTIONS WITH AND THE MAINTENANCE OF FUNDS OR ACCOUNTS FOR ALL**  
5 **IRANIAN FINANCIAL INSTITUTIONS.**

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

10 (1) in paragraph (1)(A), by striking “the Cen-  
11 tral Bank of Iran” and all that follows through “et  
12 seq.)” and inserting “, or maintained funds or ac-  
13 counts for or on behalf of, the Central Bank of Iran  
14 or another Iranian financial institution”; and

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

17 “(3) APPLICABILITY OF SANCTIONS WITH RE-  
18 SPECT TO FOREIGN CENTRAL BANKS.—Sanctions  
19 imposed under paragraph (1)(A) shall apply with re-  
20 spect to a foreign financial institution owned or con-  
21 trolled by the government of a foreign country, in-  
22 cluding a central bank of a foreign country, to the  
23 same extent and in the same manner as such sanc-  
24 tions apply to other foreign financial institutions.”.

25 (b) IRANIAN FINANCIAL INSTITUTION DEFINED.—  
26 Section 1245(h) of the National Defense Authorization

1 Act for Fiscal Year 2012 (Public Law 112–81) is amend-  
2 ed—

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

5 (2) by redesignating paragraph (3) as para-  
6 graph (4); and

7 (3) by inserting after paragraph (2) the fol-  
8 lowing new paragraph:

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

14 **SEC. 5. IMPOSITION OF SANCTIONS WITH RESPECT TO THE**  
15 **PROVISION OF UNDERWRITING SERVICES OR**  
16 **INSURANCE OR REINSURANCE FOR ACTIVI-**  
17 **TIES OR PERSONS WITH RESPECT TO WHICH**  
18 **SANCTIONS HAVE BEEN IMPOSED.**

19 (a) IN GENERAL.—Except as provided in subsection  
20 (c), not later than 60 days after the date of the enactment  
21 of this Act, the President, in addition to any other penalty  
22 provided for by applicable law, shall impose a majority of  
23 the sanctions described subsection (b) with respect to a  
24 person if the President determines that the person know-

1 ingly, on or after such date of enactment, provides under-  
2 writing services or insurance or reinsurance—

3           (1) for any activity with respect to Iran for  
4           which sanctions have been imposed under this Act,  
5           the Iran Sanctions Act of 1996, the Comprehensive  
6           Iran Sanctions, Accountability, and Divestment Act  
7           of 2010 (22 U.S.C. 8501 et seq.), the Iran, North  
8           Korea, and Syria Nonproliferation Act (Public Law  
9           106–178; 50 U.S.C. 1701 note), the International  
10          Emergency Economic Powers Act (50 U.S.C. 1701  
11          et seq.), or any other provision of law relating to the  
12          imposition of sanctions with respect to Iran; or

13           (2) to or for any person—

14           (A) on which sanctions have been imposed  
15           under any such Act or provision of law for en-  
16           gaging in an activity with respect to Iran; or

17           (B) designated for the imposition of sanc-  
18           tions pursuant to the International Emergency  
19           Economic Powers Act (50 U.S.C. 1701 et seq.)  
20           in connection with—

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

24           (ii) Iran’s support for international  
25           terrorism.

1 (b) SANCTIONS DESCRIBED.—The sanctions to be  
2 imposed on a person under subsection (a) are as follows:

3 (1) EXPORT-IMPORT BANK ASSISTANCE FOR  
4 EXPORTS TO SANCTIONED PERSONS.—The President  
5 may direct the Export-Import Bank of the United  
6 States to not give approval for the issuance of any  
7 guarantee, insurance, extension of credit, or partici-  
8 pation in the extension of credit in connection with  
9 the export of any goods or services to any sanctioned  
10 person.

11 (2) EXPORT SANCTION.—The President may  
12 order the United States Government not to issue  
13 any specific license and not to grant any other spe-  
14 cific permission or authority to export any goods or  
15 technology to a sanctioned person under—

16 (A) the Export Administration Act of 1979  
17 (as continued in effect pursuant to the Inter-  
18 national Emergency Economic Powers Act);

19 (B) the Arms Export Control Act;

20 (C) the Atomic Energy Act of 1954; or

21 (D) any other law that requires the prior  
22 review and approval of the United States Gov-  
23 ernment as a condition for the export or reex-  
24 port of goods or services.

1           (3) LOANS FROM UNITED STATES FINANCIAL  
2           INSTITUTIONS.—The United States Government  
3           may prohibit any United States financial institution  
4           from making loans or providing credits to any sanc-  
5           tioned person totaling more than \$10,000,000 in  
6           any 12-month period unless such person is engaged  
7           in activities to relieve human suffering and the loans  
8           or credits are provided for such activities.

9           (4) PROHIBITIONS ON FINANCIAL INSTITU-  
10          TIONS.—The following prohibitions may be imposed  
11          against a sanctioned person that is a financial insti-  
12          tution:

13                 (A) PROHIBITION ON DESIGNATION AS  
14                 PRIMARY DEALER.—Neither the Board of Gov-  
15                 ernors of the Federal Reserve System nor the  
16                 Federal Reserve Bank of New York may des-  
17                 ignate, or permit the continuation of any prior  
18                 designation of, such financial institution as a  
19                 primary dealer in United States Government  
20                 debt instruments.

21                 (B) PROHIBITION ON SERVICE AS A RE-  
22                 POSITORY OF GOVERNMENT FUNDS.—Such fi-  
23                 nancial institution may not serve as agent of  
24                 the United States Government or serve as re-  
25                 pository for United States Government funds.

1 The imposition of either sanction under subpara-  
2 graph (A) or (B) shall be treated as one sanction for  
3 purposes of subsection (a), and the imposition of  
4 both such sanctions shall be treated as two sanctions  
5 for purposes of such subsection.

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

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

14 (7) BANKING TRANSACTIONS.—The President  
15 may prohibit any transfers of credit or payments be-  
16 tween financial institutions or by, through, or to any  
17 financial institution, to the extent that such trans-  
18 fers or payments are subject to the jurisdiction of  
19 the United States and involve any interest of the  
20 sanctioned person.

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

23 (A) acquiring, holding, withholding, using,  
24 transferring, withdrawing, transporting, or ex-  
25 porting any property that is subject to the ju-

1 jurisdiction of the United States and with respect  
2 to which a sanctioned person has any interest;

3 (B) dealing in or exercising any right,  
4 power, or privilege with respect to such prop-  
5 erty; or

6 (C) conducting any transaction involving  
7 such property.

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

14 (A) corporate officer, principal, or share-  
15 holder with a controlling interest of a person  
16 against whom sanctions have been imposed  
17 under subsection (a);

18 (B) corporate officer, principal, or share-  
19 holder with a controlling interest of a successor  
20 entity to or a parent or subsidiary of such a  
21 sanctioned person;

22 (C) corporate officer, principal, or share-  
23 holder with a controlling interest of an affiliate  
24 of such a sanctioned person, if such affiliate en-  
25 gaged in a sanctionable activity described in



1 subsection (a) and if such affiliate is controlled  
2 in fact by such sanctioned person; or

3 (D) spouse, minor child, or agent of a per-  
4 son inadmissible under subparagraph (A), (B),  
5 or (C).

6 (10) SANCTIONS ON PRINCIPAL EXECUTIVE OF-  
7 FICERS.—The President may impose on the prin-  
8 cipal executive officer or officers of any sanctioned  
9 person, or on persons performing similar functions  
10 and with similar authorities as such officer or offi-  
11 cers, any of the sanctions under this subsection.

12 (11) ADDITIONAL SANCTIONS.—The President  
13 may impose additional sanctions, as appropriate, in  
14 accordance with the International Emergency Eco-  
15 nomic Powers Act (50 U.S.C. 1701 et seq.).

16 (c) EXCEPTION FOR UNDERWRITERS AND INSUR-  
17 ANCE PROVIDERS EXERCISING DUE DILIGENCE.—The  
18 President may not impose sanctions under subsection (a)  
19 with respect to a person that provides underwriting serv-  
20 ices or insurance or reinsurance if the President deter-  
21 mines that the person has exercised due diligence in estab-  
22 lishing and enforcing official policies, procedures, and con-  
23 trols to ensure that the person does not provide under-  
24 writing services or insurance or reinsurance for an activity

1 described in paragraph (1) of such subsection or to or for  
2 a person described in paragraph (2) of such subsection.

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

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

10 (2) a credit union;

11 (3) a securities firm, including a broker or deal-  
12 er;

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

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

○