(b) Funds subject to this section may not be held, invested, or reinvested in a manner that provides immediate financial or economic benefit or access to any person whose property and interests in property are blocked pursuant to §560.211, nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

§560.214 Expenses of maintaining blocked physical property; liquidation of blocked property.

(a) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or contract entered into or any license or permit granted prior to the effective date, all expenses incident to the maintenance of physical property blocked pursuant to §560.211 shall be the responsibility of the owners or operators of such property, which expenses shall not be met from blocked funds.

(b) Property blocked pursuant to §560.211 may, in the discretion of the Office of Foreign Assets Control, be sold or liquidated and the net proceeds placed in a blocked interest-bearing account in the name of the owner of the property.

§560.215 Prohibitions on foreign entities owned or controlled by U.S. persons.

(a) Except as otherwise authorized pursuant to this part, an entity that is owned or controlled by a United States person and established or maintained outside the United States is prohibited from knowingly engaging in any transaction, directly or indirectly, with the Government of Iran or any person subject to the jurisdiction of the Government of Iran that would be prohibited pursuant to this part if engaged in by a United States person or in the United States.

(b) Definitions: (1) For purposes of paragraph (a) of this section, an entity is “owned or controlled” by a United States person if the United States person:

(i) Holds a 50 percent or greater equity interest by vote or value in the entity;

(ii) Holds a majority of seats on the board of directors of the entity; or

(iii) Otherwise controls the actions, policies, or personnel decisions of the entity.

(2) For purposes of paragraph (a) of this section, the term “knowingly” means that the person engages in the transaction with actual knowledge or reason to know.

(3) For purposes of paragraph (a) of this section, a person is “subject to the jurisdiction of the Government of Iran” if the person is organized under the laws of Iran or any jurisdiction within Iran, ordinarily resident in Iran, or in Iran, or owned or controlled by any of the foregoing.

Note to paragraph (b) of §560.215: See §560.304 of this part for the definition of the term “Government of Iran.”

(c) The prohibition in paragraph (a) of this section does not apply to any activity relating to a project:

(1) For the development of natural gas and the construction and operation of a pipeline to transport natural gas from Azerbaijan to Turkey and Europe;

(2) That provides to Turkey and countries in Europe energy security and energy independence from the Government of the Russian Federation and the Government of Iran; and
(3) That was initiated before August 10, 2012, pursuant to a production-sharing agreement, or an ancillary agreement necessary to further a production-sharing agreement, entered into with, or a license granted by, the government of a country other than Iran before August 10, 2012.

NOTE TO PARAGRAPH (c) OF § 560.215: The exemption in paragraph (c) of this section applies to the Shah Deniz natural gas field in Azerbaijan’s sector of the Caspian Sea and related pipeline projects to bring the gas from Azerbaijan to Europe and Turkey.

(d) The prohibition in paragraph (a) of this section does not apply to the authorized intelligence activities of the United States Government.

NOTE TO § 560.215: A U.S. person is subject to the civil penalties provided for in section 206(b) of the International Emergency Economic Powers Act (“IEEPA”) (50 U.S.C. 1705(b)) if any foreign entity that it owns or controls violates the prohibition set forth in this section. See § 560.701(a)(3) of this part for civil penalties.

§ 560.302 [Reserved]

§ 560.303 Iran; Iranian.

The term Iran means the territory of Iran and any other territory or marine area, including the exclusive economic zone and continental shelf, over which the Government of Iran claims sovereignty, sovereign rights, or jurisdiction, provided that the Government of Iran exercises partial or total de facto control over the area or derives a benefit from economic activity in the area pursuant to an international agreement. The term Iranian means pertaining to Iran as defined in this section.

§ 560.304 Government of Iran.

The term Government of Iran includes:

(a) The state and the Government of Iran, as well as any political subdivision, agency, or instrumentality thereof, including the Central Bank of Iran;

(b) Any person owned or controlled, directly or indirectly, by the foregoing;

(c) Any person to the extent that such person is, or has been, since the effective date, acting or purporting to act, directly or indirectly, for or on behalf of the foregoing; and

(d) Any other person determined by the Office of Foreign Assets Control to be included within paragraphs (a) through (c) of this section.

NOTE 1 TO § 560.304: The names of persons that OFAC has determined fall within this definition are published in the Federal Register and incorporated into the Office of Foreign Assets Control’s Specially Designated Nationals and Blocked Persons List (“SDN List”) with the identifier “[IRAN].” The SDN List is accessible through the following page on the Office of Foreign Assets Control’s Web site: www.treasury.gov/sdn. However, the property and interests in property of persons falling within the definition of the term Government of Iran are blocked pursuant to § 560.211 regardless of whether the names of such persons are published in the Federal Register or incorporated into the SDN List.

NOTE 2 TO § 560.304: Section 501.807 of this chapter describes the procedures to be followed by persons seeking administrative reconsideration of OFAC’s determination that they fall within the definition of the term Government of Iran.