(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 owns or controls violates the prohibition set forth in this section. See §560.701(a)(3) of this part for civil penalties.

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