

114TH CONGRESS
2^D SESSION

H. R. 4992

IN THE SENATE OF THE UNITED STATES

JULY 14, 2016

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To codify regulations relating to transfers of funds involving
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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “United States Finan-
3 cial System Protection Act of 2016”.

4 **SEC. 2. FINDINGS, SENSE OF CONGRESS, AND STATEMENT**
5 **OF POLICY.**

6 (a) FINDINGS.—Congress finds the following:

7 (1) On November 8, 2011, the Department of
8 the Treasury identified the Islamic Republic of Iran
9 as a jurisdiction of primary money laundering con-
10 cern pursuant to section 5318A of title 31, United
11 States Code, including Iran’s Central Bank, private
12 Iranian banks, branches, and subsidiaries of Iranian
13 banks operating outside of Iran as posing illicit fi-
14 nance risks for the global financial system.

15 (2) On November 6, 2008, the Department of
16 the Treasury announced that it was revoking the
17 “U-turn” license for Iran, stating that “as a mem-
18 ber of the Financial Action Task Force (FATF), the
19 United States today fulfilled its obligation to
20 strengthen measures to protect the financial sector
21 from the risks posed to the international financial
22 system by Iran”.

23 (3) On February 19, 2016, the Financial Ac-
24 tion Task Force (FATF), the global standard set-
25 ting body for anti-money laundering and combating
26 the financing of terrorism which has determined that

1 Iran is a “non-cooperating country or territory” in
2 the fight against money laundering and terror fi-
3 nancing since 2008, stated that, “the FATF re-
4 mains particularly and exceptionally concerned about
5 Iran’s failure to address the risk of terrorist financ-
6 ing and the serious threat this poses to the integrity
7 of the international financial system”.

8 (4) United States and foreign businesses oper-
9 ating or seeking to operate in Iran run significant
10 risks, as corruption in Iran is endemic, with Trans-
11 parency International ranking Iran 130 out of 168
12 countries.

13 (b) SENSE OF CONGRESS.—It is the sense of Con-
14 gress that the entire financial sector of Iran, including
15 Iran’s Central Bank, private Iranian banks and branches,
16 and subsidiaries of Iranian banks operating outside of
17 Iran, poses illicit finance risks for the global financial sys-
18 tem due to its proliferation, support for terrorism, and
19 other illicit conduct.

20 (c) STATEMENT OF POLICY.—It shall be the policy
21 of the United States to—

22 (1) deny Iran access to funds denominated in
23 United States dollars, including through any off-
24 shore United States dollar clearing system for trans-

1 actions involving the Government of Iran or an Ira-
2 nian person; and

3 (2) deny Iran access to United States dollars
4 through any offshore United States dollar clearing
5 system conducted or overseen by a foreign govern-
6 ment or a foreign financial institution for trans-
7 actions involving the Government of Iran or an Ira-
8 nian person.

9 **SEC. 3. CODIFICATION OF REGULATIONS RELATING TO**
10 **TRANSFERS OF FUNDS INVOLVING IRAN;**
11 **CLARIFICATION OF APPLICATION OF REGU-**
12 **LATIONS TO FOREIGN DEPOSITORY INSTITU-**
13 **TIONS AND FOREIGN REGISTERED BROKERS**
14 **AND DEALERS.**

15 (a) CODIFICATION OF REGULATIONS.—Section
16 560.516 of title 31, Code of Federal Regulations, as in
17 effect on January 1, 2016, shall apply with respect to
18 transfers of funds to or from Iran, or for the direct or
19 indirect benefit of an Iranian person or the Government
20 of Iran, for the period beginning on or after January 1,
21 2016, and ending on the date on which the President
22 makes the certification to the appropriate congressional
23 committees under section 401(a) of the Comprehensive
24 Iran Sanctions, Accountability, and Divestment Act of
25 2010 (22 U.S.C. 8551(a)).

1 (b) CLARIFICATION OF APPLICATION OF REGULA-
2 TIONS TO FOREIGN FINANCIAL INSTITUTIONS AND FOR-
3 EIGN REGISTERED BROKERS AND DEALERS.—

4 (1) FOREIGN FINANCIAL INSTITUTIONS.—Sub-
5 section (a) of section 560.516 of title 31, Code of
6 Federal Regulations, as in effect on January 1,
7 2016, shall apply with respect to foreign financial
8 institutions to the same extent and in the same
9 manner as such subsection applies with respect to
10 United States depository institutions if the funds
11 that are to be transferred as described in such sub-
12 section are funds that are denominated in United
13 States dollars.

14 (2) FOREIGN REGISTERED BROKERS AND DEAL-
15 ERS.—Subsection (b) of section 560.516 of title 31,
16 Code of Federal Regulations, as in effect on January
17 1, 2016, shall apply with respect to foreign reg-
18 istered brokers or dealers in securities to the same
19 extent and in the same manner as such subsection
20 applies with respect to United States registered bro-
21 kers or dealers in securities if the funds that are to
22 be transferred as described in such subsection are
23 funds that are denominated in United States dollars.

24 (3) SUSPENSION.—The President may suspend
25 the application of paragraph (1) with respect to a

1 foreign financial institution or the application of
2 paragraph (2) with respect to a foreign registered
3 broker or dealer in securities for a period not to ex-
4 ceed 60 days, and the President may renew the sus-
5 pension of the application of paragraph (1) or para-
6 graph (2), respectively, for additional periods of not
7 more than 60 days, on and after the date on which
8 the President certifies to the appropriate congres-
9 sional committees that during the preceding 60-day
10 period the Government of Iran is in compliance with
11 the criteria described in section 401(a)(1) of the
12 Comprehensive Iran Sanctions, Accountability, and
13 Divestment Act of 2010 (22 U.S.C. 8551(a)(1)).

14 (c) LICENSING RESTRICTIONS.—

15 (1) IN GENERAL.—Except as provided in para-
16 graph (2), the President may not issue any license
17 under the International Emergency Economic Pow-
18 ers Act (50 U.S.C. 1701 et seq.) or provide other
19 guidance, including executive actions, rules, regula-
20 tions, frequently asked questions, written commu-
21 nications, or any other commitments, that permits—

22 (A) a United States depository institution
23 or United States registered broker or dealer in
24 securities—

1 (i) to conduct an offshore United
2 States dollar clearing system for trans-
3 actions involving or for the benefit of the
4 Government of Iran or an Iranian person,
5 including to process transfers of funds to
6 or from Iran under section 560.516 of title
7 31, Code of Federal Regulations, as in ef-
8 fect on January 1, 2016; or

9 (ii) to provide United States dollars
10 for any offshore United States dollar clear-
11 ing system conducted or overseen by a for-
12 eign government or a foreign financial in-
13 stitution for transactions involving or for
14 the benefit of the Government of Iran or
15 an Iranian person, including to process
16 transfers of funds to or from Iran under
17 section 560.516 of title 31, Code of Fed-
18 eral Regulations, as in effect on January
19 1, 2016; or

20 (B) a foreign financial institution or for-
21 eign registered broker or dealer in securities—

22 (i) to conduct an offshore United
23 States dollar clearing system for trans-
24 actions involving or for the benefit of the
25 Government of Iran or an Iranian person,

1 including to process transfers of funds to
2 or from Iran under section 560.516 of title
3 31, Code of Federal Regulations, as in ef-
4 fect on January 1, 2016, and as applied
5 under subsection (b); or

6 (ii) to provide United States dollars
7 for any offshore United States dollar clear-
8 ing system conducted or overseen by a for-
9 eign government or a foreign financial in-
10 stitution for transactions involving or for
11 the benefit of the Government of Iran or
12 an Iranian person, including to process
13 transfers of funds to or from Iran under
14 section 560.516 of title 31, Code of Fed-
15 eral Regulations, as in effect on January
16 1, 2016, and as applied under subsection
17 (b).

18 (2) EXCEPTION FOR HUMANITARIAN PUR-
19 POSES.—The President may, on a case-by-case
20 basis, issue a license described in paragraph (1) to
21 authorize the activities described in clause (i) or (ii)
22 of paragraph (1)(A) or the activities described in
23 clause (i) or (ii) of paragraph (1)(B) if—

24 (A) such activities relate solely to—

1 (i) the provision of agricultural com-
2 modities, food, medicine, or medical devices
3 to Iran; or

4 (ii) the provision of humanitarian as-
5 sistance to the people of Iran; and

6 (B) the President submits to the appro-
7 priate congressional committees a copy of the li-
8 cense.

9 (d) DEFINITIONS.—In this section:

10 (1) APPROPRIATE CONGRESSIONAL COMMIT-
11 TEES.—The term “appropriate congressional com-
12 mittees” means—

13 (A) the Committee on Foreign Affairs and
14 the Committee on Financial Services of the
15 House of Representatives; and

16 (B) the Committee on Foreign Relations
17 and the Committee on Banking, Housing, and
18 Urban Affairs of the Senate.

19 (2) FOREIGN FINANCIAL INSTITUTION.—The
20 term “foreign financial institution” has the meaning
21 given such term in section 1010.605 of title 31,
22 Code of Federal Regulations, as in effect on January
23 1, 2016.

24 (3) IRAN.—The term “Iran” has the meaning
25 given the term in section 561.329 of title 31, Code

1 of Federal Regulations, as in effect on January 1,
2 2016.

3 (4) IRANIAN PERSON.—The term “Iranian per-
4 son” means a person or entity (as such terms are
5 defined in section 560.305 of title 31, Code of Fed-
6 eral Regulations, as in effect on January 1, 2016)
7 that—

8 (A) is organized under the laws of Iran or
9 any jurisdiction within Iran (including foreign
10 branches); or

11 (B) is a person in Iran.

12 (5) TRANSFER OF FUNDS.—The term “transfer
13 of funds”—

14 (A) has the meaning given the term “funds
15 transfer” in section 1010.100 of title 31, Code
16 of Federal Regulations, as in effect on January
17 1, 2016; and

18 (B) includes a transfer of funds or other
19 property for the benefit of an Iranian financial
20 institution that is made between accounts of the
21 same financial institution even if that Iranian
22 financial institution is not the direct recipient
23 of the transfer.

24 (6) UNITED STATES DEPOSITORY INSTITU-
25 TION.—The term “United States depository institu-

1 tion” has the meaning given such term in section
2 560.319 of title 31, Code of Federal Regulations, as
3 in effect on January 1, 2016.

4 (7) UNITED STATES REGISTERED BROKER OR
5 DEALER IN SECURITIES.—The term “United States
6 registered broker or dealers in securities” has the
7 meaning given such term in section 560.321 of title
8 31, Code of Federal Regulations, as in effect on
9 January 1, 2016.

10 **SEC. 4. CERTIFICATION REQUIREMENT FOR REMOVAL OF**
11 **DESIGNATION OF IRAN AS A JURISDICTION**
12 **OF PRIMARY MONEY LAUNDERING CONCERN.**

13 (a) IN GENERAL.—The President may not rescind a
14 preliminary draft rule or final rule (as in effect on the
15 day before the date of the enactment of this Act) that pro-
16 vides for the designation of Iran as a jurisdiction of pri-
17 mary money laundering concern pursuant to section
18 5318A of title 31, United States Code, unless the Presi-
19 dent submits to the appropriate congressional committees
20 a certification described in subsection (b) with respect to
21 Iran.

22 (b) CERTIFICATION.—The President may rescind a
23 preliminary draft rule or final rule described in subsection
24 (a) if the President submits to the appropriate congres-
25 sional committees a certification that the Government of

1 Iran is no longer engaged in support for terrorism, pursuit
2 of weapons of mass destruction, and any illicit and decep-
3 tive financial activities.

4 (c) FORM.—The certification described in subsection
5 (b) shall be submitted in unclassified form, but may con-
6 tain a classified annex.

7 (d) DEFINITION.—In this section, the term “appro-
8 priate congressional committees” means—

9 (1) the Committee on Foreign Affairs and the
10 Committee on Financial Services of the House of
11 Representatives; and

12 (2) the Committee on Banking, Housing, and
13 Urban Affairs of the Senate.

Passed the House of Representatives July 14, 2016.

Attest:

KAREN L. HAAS,

Clerk.