



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

June 7, 2016

The Honorable Marco Rubio
United States Senate
Washington, D.C. 20510

Dear Senator Rubio:

Thank you for your letter seeking assurances regarding Iranian access to U.S. dollars. To be clear, the U.S. Department of the Treasury is not working on behalf of Iran to enable Iranian access to U.S. dollars elsewhere in the international financial system, nor are we assisting Iran in gaining access to dollar payment systems outside the U.S. financial system. The administration has not been and is not planning to grant Iran access to the U.S. financial system.

Treasury does not exercise sanctions jurisdiction over transactions denominated in U.S. dollars; rather, we exercise jurisdiction over transactions involving U.S. persons or that transit the U.S. financial system. The free flow of the U.S. dollar, as the international currency of choice for international trade, works in the broader economic, financial, and strategic interests of the United States. As a practical matter, most U.S.-dollar-denominated transactions worldwide transit the United States and therefore are under our jurisdiction. To be clear, until Iran has addressed other concerns we have with its behavior outside of the nuclear file, the U.S. financial system (including the branches of U.S. financial institutions abroad) will remain off limits to Iran and U.S. persons will not be able to provide financial services or products to Iran without explicit authorization.

We have expressly stated this throughout public guidance we issued on the JCPOA Implementation Day. I would draw your attention in particular to the frequently asked questions (FAQs) A.3, C.6, C.7, C.14, and M. 9, which reiterate the sanctions that remain in place (A.3 and C.14), and the facts that (i) U.S. persons remain broadly prohibited from engaging in transactions or dealings with Iran unless the activities are exempt from regulation or authorized by OFAC (A.3 and M.9), (ii) the U-turn is not being reinstated (C.6), and (iii) foreign financial institutions cannot clear U.S. dollar transactions involving Iranian persons through U.S. persons or the U.S. financial system (C.7). These FAQs have been on OFAC's website since Implementation Day and can be found here https://www.treasury.gov/resource-center/sanctions/Programs/Documents/jcpoa_faqs.pdf. I also attach a copy for your reference.


As you note, Iran is a high-risk jurisdiction and has been designated as such by the international standard setting body on anti-money laundering and counterterrorist financing — the Financial Action Task Force (FATF). In addition, the guidance we released on Implementation Day

expressly states that the JCPOA does not impact the November 2011 finding by Treasury's Financial Crimes Enforcement Network that Iran is a Jurisdiction of Primary Money Laundering Concern (see FAQ C.14). The concerns that remain regarding Iran's economy, such as transparency issues, corruption, and regulatory obstacles, have given businesses and banks pause when considering whether to engage with Iran. We have been clear with audiences here and abroad that Iran has a lot of work to do to address these areas of concern if it wants to attract investment and trade. We are encouraging our European partners to make clear to Iran that Iran must address the shortcomings in its financial system if it wants to reintegrate into the international economy.

It is in our national security interest to ensure the Joint Comprehensive Plan of Action (JCPOA) works as intended. Iran has upheld its end of the deal, and we must uphold ours. The United States has fulfilled its commitments under the JCPOA to lift certain nuclear-related secondary sanctions and authorize certain activities in exchange for Iran verifiably living up to its commitments in the JCPOA. To that end, we published over 80 pages of guidance related to the sanctions that were lifted on Implementation Day of the JCPOA, as well as to the sanctions that remain in place. In addition, since Implementation Day, Treasury, in coordination with the Department of State, has engaged in outreach to government counterparts and private sector actors around the world to explain what sanctions have been lifted and what sanctions remain in place. When we speak to the private sector, including financial institutions, about the sanctions relief under the JCPOA, it is not to encourage them to do business with Iran, which is a business decision they need to make on their own. Rather the purpose of such discussions is to provide further clarity on what is permitted and the sanctions that remain in place, including those related to Iran's support for terrorism, its ballistic missile program, its human rights abuses, and its destabilizing activities in the region.

We appreciate your interest in this matter. If you have any questions please contact me or have your staff contact Luke Ballman, Office of Legislative Affairs, at (202) 622-1900.

Sincerely,



Thomas Patrick Maloney
Senior Advisor, Office of Legislative Affairs

Enclosure

Identical letter sent to:
The Honorable Mark Kirk