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# Iran Deal Adoption Day: When can I start trading with Iran?

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With all of the coverage in the news lately regarding the U.S.-Iran Nuclear Deal, you may be wondering when you can expand your business into this previously untapped market of 78 million people. Unfortunately, even with the formal adoption yesterday of the Iran Deal, officially known as the Joint Comprehensive Plan of Action (JCPOA), the answer remains, "Not yet!"

Since 1987, most transactions by U.S. persons or entities with Iran have been prohibited by U.S. trade sanctions. While changes to these sanctions are a critical piece of the JCPOA, they will be made in stages, with the majority not occurring until after "Implementation Day." As part of the JCPOA, Iran has made a number of commitments regarding its nuclear program. It is important to understand that no other provisions of the agreement, including sanctions relief, will be implemented until the International Atomic Energy Agency (IAEA) confirms that Iran has met those commitments. This confirmation will trigger Implementation Day under the agreement. Iran optimistically estimates Implementation Day can be reached within two months, while the U.S. has more conservatively estimated it will take six months to a year.

**Prior to Implementation Day** – U.S. companies continue to be ***generally restricted from all trade with Iran*** except under limited circumstances involving humanitarian transactions and Iranian civil aviation.

**Post-Implementation Day** – The U.S. has agreed to:

1) Cease application of sanctions relating to the following:

- specified Iranian financial institutions
- insurance services
- crude oil, gas, petrochemical and other energy sales
- shipping, shipbuilding and port sectors
- gold and other precious metals
- software and related metals

- the automotive sector

2) Remove specified individuals from its Specially Designated National and Blocked Persons List (SDN List), which prohibits trade with such individuals.

3) Begin issuing licenses for:

- sales of commercial passenger aircrafts and related parts.
- importation of Iranian-origin carpets and foodstuffs.
- other activities permitted under the JCPOA.

Note that the sanctions relief attendant to JCPOA only applies to sanctions related to nuclear proliferation. ***The U.S. will continue to impose and enforce sanctions targeting Iran's support for terrorism, human rights violations, and efforts to destabilize its neighbors including Syria, Yemen, and Iraq.***

Assuming the above-described sanctions relief occurs and a contemplated transaction with Iran is not prohibited under the remaining sanctions, further due diligence must still be exercised before proceeding with such a transaction for several reasons. First, under U.S. law, any future President of the United States will have the authority to withdraw from the JCPOA. Therefore, both the 2016 U.S. Presidential Election and Iran's continuing involvement in Syria put the longevity of JCPOA in jeopardy. Additionally, the JCPOA provides that the U.S. may "snap back" its sanctions to their pre-JCPOA conditions if Iran fails to meet its requirements under the agreement. Given these contingencies, transactions with Iran must be approached with caution as any violation of U.S. sanctions could result in criminal penalties with fines up to \$1,000,000 and imprisonment up to 20 years and civil penalties up to the greater of \$250,000 or twice the amount of the transaction underlying transaction.

Therefore, if you are contemplating a transaction with Iran now or in the future, ***please do not act without first consulting counsel*** on the then-current state of the Iranian sanctions and their potential impact on your proposed transaction. We will continue to monitor the progress of the JCPOA. If you have any specific questions

regarding how the Iran deal affects your company, please contact [Jan de Beer](#) or [Katherine Berkley](#) in FBT's [Regulated Business Practice Group](#).

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