AN ACT

To expand the Iran Sanctions Act of 1996, to provide for the divestment of assets in Iran by State and local governments and other entities, to identify locations of concern with respect to transshipment, reexportation, or diversion of certain sensitive items to Iran, and for other purposes.
Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the
“Comprehensive Iran Sanctions, Accountability, and Di-
vestment Act of 2009”.

(b) TABLE OF CONTENTS.—The table of contents for
this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings.
Sec. 3. Sense of Congress regarding illicit nuclear activities and violations of human rights in Iran.

TITLE I—SANCTIONS

Sec. 101. Definitions.
Sec. 102. Expansion of sanctions under the Iran Sanctions Act of 1996.
Sec. 103. Economic sanctions relating to Iran.
Sec. 104. Liability of parent companies for violations of sanctions by foreign subsidiaries.
Sec. 105. Prohibition on procurement contracts with persons that export sensitive technology to Iran.
Sec. 106. Increased capacity for efforts to combat unlawful or terrorist financing.
Sec. 107. Reporting requirements.
Sec. 108. Sense of Congress regarding the imposition of sanctions on the Central Bank of Iran.
Sec. 109. Policy of the United States regarding Iran’s Revolutionary Guard Corps and its affiliates.
Sec. 110. Policy of the United States with respect to Iran and Hezbollah.
Sec. 111. Sense of Congress regarding the imposition of multilateral sanctions with respect to Iran.

TITLE II—DIVESTMENT FROM CERTAIN COMPANIES THAT INVEST IN IRAN

Sec. 201. Definitions.
Sec. 202. Authority of State and local governments to divest from certain companies that invest in Iran.
Sec. 203. Safe harbor for changes of investment policies by asset managers.
Sec. 204. Sense of Congress regarding certain ERISA plan investments.

TITLE III—PREVENTION OF TRANSSHIPMENT, REEXPORTATION, OR DIVERSION OF SENSITIVE ITEMS TO IRAN

Sec. 301. Definitions.
Sec. 302. Identification of locations of concern with respect to transshipment, reexportation, or diversion of certain items to Iran.

Sec. 303. Destinations of Possible Diversion Concern and Destinations of Diversion Concern.

Sec. 304. Report on expanding diversion concern system to countries other than Iran.

TITLE IV—EFFECTIVE DATE; SUNSET

Sec. 401. Effective date; sunset.

1 SEC. 2. FINDINGS.

Congress makes the following findings:

(1) The illicit nuclear activities of the Government of Iran and its support for international terrorism represent threats to the security of the United States, its strong ally Israel, and other allies of the United States around the world.

(2) The United States and other responsible countries have a vital interest in working together to prevent the Government of Iran from acquiring a nuclear weapons capability.

(3) The International Atomic Energy Agency has repeatedly called attention to Iran’s illicit nuclear activities and, as a result, the United Nations Security Council has adopted a range of sanctions designed to encourage the Government of Iran to cease those activities and comply with its obligations under the Treaty on Non-Proliferation of Nuclear Weapons, done at Washington, London, and Moscow July 1, 1968, and entered into force March 5, 1970.
(commonly known as the “Nuclear Non-Proliferation Treaty”).

(4) The serious and urgent nature of the threat from Iran demands that the United States work together with its allies to prevent Iran from acquiring a nuclear weapons capability.

(5) The United States and its major European allies, including the United Kingdom, France, and Germany, have advocated that sanctions be strengthened should international diplomatic efforts fail to achieve verifiable suspension of Iran’s uranium enrichment program and an end to its illicit nuclear activities.

(6) There is an increasing interest by States, local governments, educational institutions, and private institutions to seek to disassociate themselves from companies that conduct business activities in the energy sector of Iran, since such business activities may directly or indirectly support the efforts of the Government of Iran to achieve a nuclear weapons capability.

(7) Black market proliferation networks continue to flourish in the Middle East, allowing countries like Iran to gain access to sensitive dual-use technologies.
(8) The Government of Iran continues to engage in serious, systematic, and ongoing violations of human rights and religious freedom, including illegitimate prolonged detention, torture, and executions. Such violations have increased in the aftermath of the presidential election in Iran on June 12, 2009.

SEC. 3. SENSE OF CONGRESS REGARDING ILLICIT NUCLEAR ACTIVITIES AND VIOLATIONS OF HUMAN RIGHTS IN IRAN.

It is the sense of Congress that—

(1) international diplomatic efforts to address Iran’s illicit nuclear efforts and support for international terrorism are more likely to be effective if the President is empowered with the explicit authority to impose additional sanctions on the Government of Iran;

(2) additional measures should be adopted by the United States to prevent the diversion and transshipment of sensitive dual-use technologies to Iran;

(3) the concerns of the United States regarding Iran are strictly the result of the actions of the Government of Iran;

(4) the people of the United States—
have a long history of friendship and exchange with the people of Iran;

(B) regret that developments in recent decades have created impediments to that friendship;

(C) hold the people of Iran, their culture, and their ancient and rich history in the highest esteem; and

(D) remain deeply concerned about continuing human rights abuses in Iran;

(5) the President should—

(A) continue to press the Government of Iran to respect the internationally recognized human rights and religious freedoms of its citizens;

(B) identify the officials of the Government of Iran that are responsible for continuing and severe violations of human rights and religious freedom in Iran; and

(C) take appropriate measures to respond to such violations, including by—

(i) prohibiting officials the President identifies as being responsible for such violations from entry into the United States; and
(ii) freezing the assets of those officials; and

(6) additional funding should be provided to the Secretary of State to document, collect, and disseminate information about human rights abuses in Iran, including serious abuses that have taken place since the presidential election in Iran conducted on June 12, 2009.

**TITLE I—SANCTIONS**

**SEC. 101. DEFINITIONS.**

In this title:

(1) **AGRICULTURAL COMMODITY.**—The term “agricultural commodity” has the meaning given that term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).

(2) **APPROPRIATE CONGRESSIONAL COMMITTEES.**—The term “appropriate congressional committees” has the meaning given that term in section 14(2) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note).

(3) **EXECUTIVE AGENCY.**—The term “executive agency” has the meaning given that term in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403).
(4) **FAMILY MEMBER.**—The term “family member” means, with respect to an individual, the spouse, children, grandchildren, or parents of the individual.

(5) **INFORMATION AND INFORMATIONAL MATERIALS.**—The term “information and informational materials” includes publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds.

(6) **INVESTMENT.**—The term “investment” has the meaning given that term in section 14(9) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note).

(7) **IRANIAN DIPLOMATS AND REPRESENTATIVES OF OTHER GOVERNMENT AND MILITARY OR QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN.**—The term “Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran” has the meaning given that term in section 14(11) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note).

(8) **MEDICAL DEVICE.**—The term “medical device” has the meaning given the term “device” in

(9) **MEDICINE.**—The term “medicine” has the meaning given the term “drug” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

**SEC. 102. EXPANSION OF SANCTIONS UNDER THE IRAN SANCTIONS ACT OF 1996.**

(a) **IN GENERAL.**—Section 5 of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note) is amended by striking subsection (a) and inserting the following:

“(a) **SANCTIONS WITH RESPECT TO THE DEVELOPMENT OF PETROLEUM RESOURCES OF IRAN, PRODUCTION OF REFINED PETROLEUM PRODUCTS IN IRAN, AND EXPORTATION OF REFINED PETROLEUM PRODUCTS TO IRAN.**—

“(1) **DEVELOPMENT OF PETROLEUM RESOURCES OF IRAN.**—

“(A) **IN GENERAL.**—Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6(a) with respect to a person if the President determines that the person, with actual knowledge, on or after the
effective date of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009—

“(i) makes an investment described in subparagraph (B) of $20,000,000 or more; or

“(ii) makes a combination of investments described in subparagraph (B) in a 12-month period if each such investment is at least $5,000,000 and such investments equal or exceed $20,000,000 in the aggregate.

“(B) INVESTMENT DESCRIBED.—An investment described in this subparagraph is an investment that directly and significantly contributes to the enhancement of Iran’s ability to develop petroleum resources.

“(2) PRODUCTION OF REFINED PETROLEUM PRODUCTS.—

“(A) IN GENERAL.—Except as provided in subsection (f), the President shall impose the sanctions described in section 6(b) (in addition to any other sanctions imposed under this subsection) with respect to a person if the President determines that the person, with actual
knowledge, on or after the effective date of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009, sells, leases, or provides to Iran any goods, services, technology, information, or support described in subparagraph (B)—

“(i) any of which has a fair market value of $200,000 or more; or

“(ii) that, during a 12-month period, have an aggregate fair market value of $1,000,000 or more.

“(B) GOODS, SERVICES, TECHNOLOGY, INFORMATION, OR SUPPORT DESCRIBED.—Goods, services, technology, information, or support described in this subparagraph are goods, services, technology, information, or support that could directly and significantly facilitate the maintenance or expansion of Iran’s domestic production of refined petroleum products, including any assistance with respect to construction, modernization, or repair of petroleum refineries.

“(3) EXPORTATION OF REFINED PETROLEUM PRODUCTS TO IRAN.—
“(A) IN GENERAL.—Except as provided in subsection (f), the President shall impose the sanctions described in section 6(b) (in addition to any other sanctions imposed under this subsection) with respect to a person if the President determines that the person, with actual knowledge, on or after the effective date of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009—

“(i) provides Iran with refined petroleum products—

“(I) that have a fair market value of $200,000 or more; or

“(II) that, during a 12-month period, have an aggregate fair market value of $1,000,000 or more; or

“(ii) sells, leases, or provides to Iran any goods, services, technology, information, or support described in subparagraph (B)—

“(I) any of which has a fair market value of $200,000 or more; or

“(II) that, during a 12-month period, have an aggregate fair market value of $1,000,000 or more.
“(B) GOODS, SERVICES, TECHNOLOGY, INFORMATION, OR SUPPORT DESCRIBED.—Goods, services, technology, information, or support described in this subparagraph are goods, services, technology, or support that could directly and significantly contribute to the enhancement of Iran’s ability to import refined petroleum products, including—

“(i) underwriting or otherwise providing insurance or reinsurance for the sale, lease, or provision of such goods, services, technology, information, or support;

“(ii) financing or brokering such sale, lease, or provision; or

“(iii) providing ships or shipping services to deliver refined petroleum products to Iran.”.

(b) DESCRIPTION OF SANCTIONS.—Section 6 of such Act is amended—

(1) by striking “The sanctions to be imposed on a sanctioned person under section 5 are as follows:” and inserting the following:
“(a) IN GENERAL.—The sanctions to be imposed on a sanctioned person under subsections (a)(1) and (b) of section 5 are as follows:”; and

(2) by adding at the end the following:

“(b) ADDITIONAL SANCTIONS.—The sanctions to be imposed on a sanctioned person under paragraphs (2) and (3) of section 5(a) are as follows:

“(1) FOREIGN EXCHANGE.—The President shall, pursuant to such regulations as the President may prescribe, prohibit any transactions in foreign exchange by the sanctioned person.

“(2) BANKING TRANSACTIONS.—The President shall, pursuant to such regulations as the President may prescribe, prohibit any transfers of credit or payments between, by, through, or to any financial institution, to the extent that such transfers or payments involve any interest of the sanctioned person.

“(3) PROPERTY TRANSACTIONS.—The President shall, pursuant to such regulations as the President may prescribe and subject to the jurisdiction of the United States, prohibit any person from—

“(A) acquiring, holding, withholding, using, transferring, withdrawing, transporting, importing, or exporting any property with re-
spect to which the sanctioned person has any interest;

“(B) dealing in or exercising any right, power, or privilege with respect to such property; or

“(C) conducting any transactions involving such property.”.

(c) Report Relating to Presidential Waiver.—Section 9(c)(2) of such Act is amended by striking subparagraph (C) and inserting the following:

“(C) an estimate of the significance of the conduct of the person in contributing to the ability of Iran to, as the case may be—

“(i) develop petroleum resources, produce refined petroleum products, or import refined petroleum products; or

“(ii) acquire or develop—

“(I) chemical, biological, or nuclear weapons or related technologies; or

“(II) destabilizing numbers and types of advanced conventional weapons; and”.

(d) Clarification and Expansion of Definitions.—Section 14 of such Act is amended—
(1) in paragraph (13)(B)—

(A) by inserting “financial institution, insurer, underwriter, guarantor, and any other business organization, including any foreign subsidiary, parent, or affiliate thereof,” after “trust,”; and

(B) by inserting “, such as an export credit agency” before the semicolon at the end;

(2) in paragraph (14), by striking “petroleum and natural gas resources” and inserting “petroleum, refined petroleum products, oil or liquefied natural gas, natural gas resources, oil or liquefied natural gas tankers, and products used to construct or maintain pipelines used to transport oil or liquefied natural gas”;

(3) by redesignating paragraphs (15) and (16) as paragraphs (16) and (17), respectively; and

(4) by inserting after paragraph (14) the following:

“(15) Refined petroleum products.—The term ‘refined petroleum products’ means diesel, gasoline, jet fuel (including naphtha-type and kerosene-type jet fuel), and aviation gasoline.”.

(e) Conforming Amendment.—Section 4 of such Act is amended—
(1) in subsection (b)(2), by striking “(in addition to that provided in subsection (d))”;
(2) by striking subsection (d); and
(3) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

SEC. 103. ECONOMIC SANCTIONS RELATING TO IRAN.

(a) IN GENERAL.—Notwithstanding any other provision of law, and in addition to any other sanction in effect, beginning on the date that is 15 days after the effective date of this Act, the economic sanctions described in subsection (b) shall apply with respect to Iran.

(b) SANCTIONS.—The sanctions described in this subsection are the following:

(1) PROHIBITION ON IMPORTS.—

   (A) IN GENERAL.—Except as provided in subparagraph (B), no article of Iranian origin may be imported directly or indirectly into the United States.

   (B) EXCEPTION.—The prohibition in subparagraph (A) does not apply to imports from Iran of information and informational materials.

(2) PROHIBITION ON EXPORTS.—

   (A) IN GENERAL.—Except as provided in subparagraph (B), no article of United States
origin may be exported directly or indirectly to Iran.

(B) EXCEPTIONS.—The prohibition in subparagraph (A) does not apply to exports to Iran of—

(i) agricultural commodities, food, medicine, or medical devices;

(ii) articles exported to Iran to provide humanitarian assistance to the people of Iran;

(iii) except as provided in subparagraph (C), information or informational materials;

(iv) goods, services, or technologies necessary to ensure the safe operation of commercial passenger aircraft produced in the United States if the exportation of such goods, services, or technologies is approved by the Secretary of the Treasury, in consultation with the Secretary of Commerce, pursuant to regulations promulgated by the Secretary of the Treasury regarding the exportation of such goods, services, or technologies, if appropriate; or
(v) goods, services, or technologies that—

(I) are provided to the International Atomic Energy Agency and are necessary to support activities of that Agency in Iran;

(II) are necessary to support activities, including the activities of non-governmental organizations, relating to promoting democracy in Iran; or

(III) the President determines to be necessary to the national interest of the United States.

(C) SPECIAL RULE WITH RESPECT TO INFORMATION AND INFORMATIONAL MATERIALS.—Notwithstanding subparagraph (B)(iii), information and informational materials of United States origin may not be exported directly or indirectly to Iran—

(i) if the exportation of such information or informational materials is otherwise controlled—

(I) under section 5 of the Export Administration Act of 1979 (50 U.S.C. App. 2404) (as in effect pur-
suant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.)); or

(II) under section 6 of that Act (50 U.S.C. App. 2405), to the extent that such controls promote the non-proliferation or antiterrorism policies of the United States; or

(ii) if such information or informational materials are information or informational materials with respect to which acts are prohibited by chapter 37 of title 18, United States Code.

(3) FREEZING ASSETS.—

(A) IN GENERAL.—At such time as the United States has access to the names of persons in Iran, including Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran (including Iran’s Revolutionary Guard Corps and its affiliates), that satisfy the criteria for designation with respect to the imposition of sanctions under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) or are otherwise subject to
sanctions under any other provision of law, the
President shall take such action as may be nec-
essary to freeze, as soon as possible, the funds
and other assets belonging to anyone so named
and any family members or associates of those
so named to whom assets or property of those
so named were transferred on or after January
1, 2009. The action described in the preceding
sentence includes requiring any United States
financial institution that holds funds and assets
of a person so named to report promptly to the
Office of Foreign Assets Control information
regarding such funds and assets.

(B) ASSET REPORTING REQUIREMENT.—
Not later than 14 days after a decision is made
to freeze the property or assets of any person
under this paragraph, the President shall report
the name of such person to the appropriate con-
gressional committees. Such a report may con-
tain a classified annex.

(4) UNITED STATES GOVERNMENT CON-
TRACTS.—The head of an executive agency may not
procure, or enter into a contract for the procurement
of, any goods or services from a person that meets
the criteria for the imposition of sanctions under
section 5 of the Iran Sanctions Act of 1996 (Public

(c) WAIVER.—The President may waive the applica-
tion of the sanctions described in subsection (b) if the
President—

(1) determines that such a waiver is in the na-
tional interest of the United States; and

(2) submits to the appropriate congressional
committees a report describing the reasons for the
determination.

SEC. 104. LIABILITY OF PARENT COMPANIES FOR VIOLA-
TIONS OF SANCTIONS BY FOREIGN SUBSIDI-
ARIES.

(a) DEFINITIONS.—In this section:

(1) ENTITY.—The term “entity” means a part-
nership, association, trust, joint venture, corpora-
tion, or other organization.

(2) OWN OR CONTROL.—The term “own or con-
trol” means, with respect to an entity—

(A) to hold more than 50 percent of the
equity interest by vote or value in the entity;

(B) to hold a majority of seats on the
board of directors of the entity; or

(C) to otherwise control the actions, poli-
cies, or personnel decisions of the entity.
(3) **SUBSIDIARY.**—The term “subsidiary” means an entity that is owned or controlled, directly or indirectly, by a United States person.

(4) **UNITED STATES PERSON.**—The term “United States person” means—

(A) a natural person who is a citizen, resident, or national of the United States; and

(B) an entity that is organized under the laws of the United States, any State or territory thereof, or the District of Columbia, if natural persons described in subparagraph (A) own or control the entity.

(b) **IN GENERAL.**—A United States person shall be subject to a penalty for a violation of the provisions of Executive Order 12959 (50 U.S.C. 1701 note) or Executive Order 13059 (50 U.S.C. 1701 note), or any other prohibition on transactions with respect to Iran imposed under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), if—

(1) the President determines, pursuant to such regulations as the President may prescribe, that the United States person establishes or maintains a subsidiary outside of the United States for the purpose of circumventing such provisions; and
(2) that subsidiary engages in an act that, if committed in the United States or by a United States person, would violate such provisions.

(c) WAIVER.—The President may waive the application of subsection (b) if the President—

(1) determines that such a waiver is in the national interest of the United States; and

(2) submits to the appropriate congressional committees a report describing the reasons for the determination.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Subsection (b) shall take effect on the date of the enactment of this Act and apply with respect to acts described in subsection (b)(2) that are—

(A) commenced on or after the date of the enactment of this Act; or

(B) except as provided in paragraph (2), commenced before such date of enactment, if such acts continue on or after such date of enactment.

(2) EXCEPTION.—Subsection (b) shall not apply with respect to an act described in paragraph (1)(B) by a subsidiary owned or controlled by a United States person if the United States person di-
vests or terminates its business with the subsidiary not later than 90 days after the date of the enactment of this Act.

SEC. 105. PROHIBITION ON PROCUREMENT CONTRACTS WITH PERSONS THAT EXPORT SENSITIVE TECHNOLOGY TO IRAN.

(a) IN GENERAL.—Notwithstanding any other provision of law, and pursuant to such regulations as the President may prescribe, the head of an executive agency may not enter into or renew a contract for the procurement of goods or services with a person that exports sensitive technology to Iran.

(b) WAIVER.—The President may waive the application of the prohibition under subsection (a) if the President—

(1) determines that such a waiver is in the national interest of the United States; and

(2) submits to Congress a report describing the reasons for the determination.

(c) SENSITIVE TECHNOLOGY DEFINED.—The term “sensitive technology” means hardware, software, telecommunications equipment, or any other technology that the President determines is to be used specifically—

(1) to restrict the free flow of unbiased information in Iran; or
(2) to disrupt, monitor, or otherwise restrict speech of the people of Iran.

**SEC. 106. INCREASED CAPACITY FOR EFFORTS TO COMBAT UNLAWFUL OR TERRORIST FINANCING.**

(a) Finding.—Congress finds that the work of the Office of Terrorism and Financial Intelligence of the Department of the Treasury, which includes the Office of Foreign Assets Control and the Financial Crimes Enforcement Network, is critical to ensuring that the international financial system is not used for purposes of supporting terrorism and developing weapons of mass destruction.

(b) Authorization of Appropriations for Office of Terrorism and Financial Intelligence.—There are authorized to be appropriated to the Secretary of the Treasury for the Office of Terrorism and Financial Intelligence—

(1) $64,611,000 for fiscal year 2010; and

(2) such sums as may be necessary for each of the fiscal years 2011 and 2012.

(c) Authorization of Appropriations for the Financial Crimes Enforcement Network.—Section 310(d)(1) of title 31, United States Code, is amended by striking “such sums as may be necessary for fiscal years 2002, 2003, 2004, and 2005” and inserting
“$104,260,000 for fiscal year 2010 and such sums as may be necessary for each of the fiscal years 2011 and 2012”.

SEC. 107. REPORTING REQUIREMENTS.

(a) Report on Investment and Activities That May Be Sanctionable Under Iran Sanctions Act of 1996.—

(1) In general.—Not later than 180 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report containing—

(A) a description of—

(i) any foreign investments of $20,000,000 or more that contribute directly and significantly to the enhancement of Iran’s ability to develop petroleum resources made during the period described in paragraph (2);

(ii) any sale, lease, or provision to Iran during the period described in paragraph (2) of any goods, services, technology, information, or support that would facilitate the maintenance or expansion of Iran’s domestic production of refined petroleum products; and
(iii) any refined petroleum products provided to Iran during the period described in paragraph (2) and any other activity that could contribute directly and significantly to the enhancement of Iran’s ability to import refined petroleum products during that period;

(B) with respect to each investment or other activity described in subparagraph (A), an identification of—

(i) the date or dates of the investment or activity;

(ii) the steps taken by the United States to respond to the investment or activity;

(iii) the name and United States domiciliary of any person that participated or invested in or facilitated the investment or activity; and

(iv) any Federal Government contracts to which any person referred to in clause (iii) are parties; and

(C) the determination of the President with respect to whether each such investment or activity qualifies as a sanctionable offense
1 under section 5(a) of the Iran Sanctions Act of
2 1996 (Public Law 104–172; 50 U.S.C. 1701
3 note).
4
5 (2) PERIOD DESCRIBED.—The period described
6 in this paragraph is the period beginning on January
7 1, 2009, and ending on the date on which the
8 President submits the report under paragraph (1).
9
10 (b) SUBSEQUENT REPORTS.—Not later than 1 year
11 after the date of the enactment of this Act, and every 180
12 days thereafter, the President shall submit to the appro-
13 priate congressional committees an updated version of the
14 report required under subsection (a) that contains the in-
15 formation required under that subsection for the 180-day
16 period preceding the submission of the updated report.
17
18 (c) FORM OF REPORTS; PUBLICATION.—A report
19 submitted under subsection (a) or (b) shall be submitted
20 in unclassified form, but may contain a classified annex.
21 The unclassified portion of the report shall be published
22 in the Federal Register.
23
24 SEC. 108. SENSE OF CONGRESS REGARDING THE IMPOSI-
25 TION OF SANCTIONS ON THE CENTRAL BANK
26 OF IRAN.
27
28 Congress urges the President, in the strongest terms,
29 to consider immediately using the authority of the Presi-
30 dent to impose sanctions on the Central Bank of Iran and
any other Iranian bank engaged in proliferation activities or support of terrorist groups.

SEC. 109. POLICY OF THE UNITED STATES REGARDING IRAN’S REVOLUTIONARY GUARD CORPS AND ITS AFFILIATES.

It is the sense of Congress that the United States should—

(1) continue to target Iran’s Revolutionary Guard Corps persistently with economic sanctions for its support for terrorism, its role in proliferation, and its oppressive activities against the people of Iran; and

(2) impose sanctions, including travel restrictions, sanctions authorized pursuant to this Act, and the full range of sanctions available to the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), on—

(A) any foreign individual or entity that is an agent, alias, front, instrumentality, official, or affiliate of Iran’s Revolutionary Guard Corps and is designated for the imposition of sanctions by the President;

(B) any individual or entity who—

(i) has provided material support to Iran’s Revolutionary Guard Corps or any
of its affiliates designated for the imposition of sanctions by the President; or

(ii) has conducted any financial or commercial transaction with Iran’s Revolutionary Guard Corps or any of its affiliates so designated; and

(C) any foreign government found—

(i) to be providing material support to Iran’s Revolutionary Guard Corps or any of its affiliates designated for the imposition of sanctions by the President; or

(ii) to have conducted any commercial transaction or financial transaction with Iran’s Revolutionary Guard Corps or any of its affiliates so designated.

SEC. 110. POLICY OF THE UNITED STATES WITH RESPECT TO IRAN AND HEZBOLLAH.

It is the sense of Congress that the United States should—

(1) continue to counter support received by Hezbollah from the Government of Iran and other foreign governments in response to Hezbollah’s terrorist activities and the threat Hezbollah poses to Israel, the democratic sovereignty of Lebanon, and the national security interests of the United States;
(2) impose the full range of sanctions available to the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) on Hezbollah, its designated affiliates and supporters, and persons providing Hezbollah with commercial, financial, or other services;

(3) urge the European Union, individual countries in Europe, and other countries to classify Hezbollah as a terrorist organization to facilitate the disruption of Hezbollah’s operations; and


SEC. 111. SENSE OF CONGRESS REGARDING THE IMPOSITION OF MULTILATERAL SANCTIONS WITH RESPECT TO IRAN.

It is the sense of Congress that—

(1) in general, multilateral sanctions are more effective than unilateral sanctions at achieving desired results from countries such as Iran;

(2) the President should continue to work with allies of the United States to impose such sanctions as may be necessary to prevent the Government of
Iran from acquiring a nuclear weapons capability;
and

(3) the United States should continue to con-
sult with the 5 permanent members of the United
Nations Security Council and Germany (commonly
referred to as the “P5-plus-1”) and other interested
countries regarding imposing new sanctions with re-
spect to Iran in the event that diplomatic efforts to
prevent Iran from acquiring a nuclear weapons capa-
bility fail.

TITLE II—DIVESTMENT FROM
CERTAIN COMPANIES THAT
INVEST IN IRAN

SEC. 201. DEFINITIONS.

In this title:

(1) ENERGY SECTOR.—The term “energy sec-
tor” refers to activities to develop petroleum or nat-
ural gas resources or nuclear power.

(2) FINANCIAL INSTITUTION.—The term “fi-
nancial institution” has the meaning given that term
in section 14(5) of the Iran Sanctions Act of 1996

(3) IRAN.—The term “Iran” includes any agen-
cy or instrumentality of Iran.

(4) PERSON.—The term “person” means—
(A) a natural person, corporation, company, business association, partnership, society, trust, or any other nongovernmental entity, organization, or group;

(B) any governmental entity or instrumentality of a government, including a multilateral development institution (as defined in section 1701(c)(3) of the International Financial Institutions Act (22 U.S.C. 262r(c)(3))); and

(C) any successor, subunit, parent company, or subsidiary of any entity described in subparagraph (A) or (B).

(5) STATE.—The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(6) STATE OR LOCAL GOVERNMENT.—The term “State or local government” includes—

(A) any State and any agency or instrumentality thereof;

(B) any local government within a State, and any agency or instrumentality thereof;

(C) any other governmental instrumentality; and
(D) any public institution of higher education within the meaning of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

SEC. 202. AUTHORITY OF STATE AND LOCAL GOVERNMENTS TO DIVEST FROM CERTAIN COMPANIES THAT INVEST IN IRAN.

(a) Sense of Congress.—It is the sense of Congress that the United States Government should support the decision of any State or local government that for moral, prudential, or reputational reasons divests from, or prohibits the investment of assets of the State or local government in, a person that engages in investment activities in the energy sector of Iran, as long as that country is subject to economic sanctions imposed by the United States.

(b) Authority To Divest.—Notwithstanding any other provision of law, a State or local government may adopt and enforce measures that meet the requirements of subsection (d) to divest the assets of the State or local government from, or prohibit investment of the assets of the State or local government in, any person that the State or local government determines, using credible information available to the public, engages in investment activities in Iran described in subsection (e).
(c) INVESTMENT ACTIVITIES DESCRIBED.—A person engages in investment activities in Iran described in this subsection if the person—

(1) has an investment of $20,000,000 or more in the energy sector of Iran, including in a person that provides oil or liquified natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquified natural gas, for the energy sector in Iran; or

(2) is a financial institution that extends $20,000,000 or more in credit to another person, for 45 days or more, if that person will use the credit to invest in the energy sector in Iran.

(d) REQUIREMENTS.—Any measure taken by a State or local government under subsection (b) shall meet the following requirements:

(1) NOTICE.—The State or local government shall provide written notice to each person to which a measure is to be applied.

(2) TIMING.—The measure shall apply to a person not earlier than the date that is 90 days after the date on which written notice is provided to the person under paragraph (1).

(3) OPPORTUNITY FOR HEARING.—The State or local government shall provide an opportunity to
comment in writing to each person to which a measure is to be applied. If the person demonstrates to the State or local government that the person does not engage in investment activities in Iran described in subsection (c), the measure shall not apply to the person.

(4) SENSE OF CONGRESS ON AVOIDING ERRONEOUS TARGETING.—It is the sense of Congress that a State or local government should not adopt a measure under subsection (b) with respect to a person unless the State or local government has made every effort to avoid erroneously targeting the person and has verified that the person engages in investment activities in Iran described in subsection (c).

(e) NOTICE TO DEPARTMENT OF JUSTICE.—Not later than 30 days after adopting a measure pursuant to subsection (b), a State or local government shall submit written notice to the Attorney General describing the measure.

(f) NONPREEMPTION.—A measure of a State or local government authorized under subsection (b) is not preempted by any Federal law or regulation.

(g) DEFINITIONS.—In this section:
(1) INVESTMENT.—The “investment” of assets, with respect to a State or local government, includes—

(A) a commitment or contribution of assets;

(B) a loan or other extension of credit; and

(C) the entry into or renewal of a contract for goods or services.

(2) ASSETS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the term “assets” refers to public monies and includes any pension, retirement, annuity, or endowment fund, or similar instrument, that is controlled by a State or local government.

(B) EXCEPTION.—The term “assets” does not include employee benefit plans covered by title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section applies to measures adopted by a State or local government before, on, or after the date of the enactment of this Act.
(2) NOTICE REQUIREMENTS.—Subsections (d) and (e) apply to measures adopted by a State or local government on or after the date of the enactment of this Act.

SEC. 203. SAFE HARBOR FOR CHANGES OF INVESTMENT POLICIES BY ASSET MANAGERS.

(a) IN GENERAL.—Section 13(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–13(c)(1)) is amended to read as follows:

“(1) IN GENERAL.—Notwithstanding any other provision of Federal or State law, no person may bring any civil, criminal, or administrative action against any registered investment company, or any employee, officer, director, or investment adviser thereof, based solely upon the investment company divesting from, or avoiding investing in, securities issued by persons that the investment company determines, using credible information available to the public—

“(A) conduct or have direct investments in business operations in Sudan described in section 3(d) of the Sudan Accountability and Divestment Act of 2007 (50 U.S.C. 1701 note); or

“(B) engage in investment activities in Iran described in section 202(c) of the Com-
prospective Iran Sanctions, Accountability, and
Divestment Act of 2009.”

(b) SEC REGULATIONS.—Not later than 120 days
after the date of the enactment of this Act, the Securities
and Exchange Commission shall issue any revisions the
Commission determines to be necessary to the regulations
requiring disclosure by each registered investment com-
pany that divests itself of securities in accordance with
section 13(e) of the Investment Company Act of 1940 to
include divestments of securities in accordance with para-
graph (1)(B) of such section, as added by subsection (a).

SEC. 204. SENSE OF CONGRESS REGARDING CERTAIN
ERISA PLAN INVESTMENTS.

It is the sense of Congress that a fiduciary of an em-
ployee benefit plan, as defined in section 3(3) of the Em-
ployee Retirement Income Security Act of 1974 (29
U.S.C. 1002(3)), may divest plan assets from, or avoid
investing plan assets in, any person the fiduciary deter-
mines engages in investment activities in Iran described
in section 202(c) of this Act, without breaching the re-
 sponsibilities, obligations, or duties imposed upon the fidu-
ciary by section 404 of the Employee Retirement Income
(1) the fiduciary makes such determination using credible information that is available to the public; and

(2) such divestment or avoidance of investment is conducted in accordance with section 2509.08–1 of title 29, Code of Federal Regulations (as in effect on the day before the date of the enactment of this Act).

TITLE III—PREVENTION OF TRANSSHIPMENT, REEXPORTATION, OR DIVERSION OF SENSITIVE ITEMS TO IRAN

SEC. 301. DEFINITIONS.

In this title:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means—

(A) the Committee on Banking, Housing, and Urban Affairs, the Committee on Foreign Relations, and the Select Committee on Intelligence of the Senate; and

(B) the Committee on Financial Services, the Committee on Foreign Affairs, and the Permanent Select Committee on Intelligence of the House of Representatives.
(2) **END-USER.**—The term “end-user” means an end-user as that term is used in the Export Administration Regulations.

(3) **EXPORT ADMINISTRATION REGULATIONS.**—The term “Export Administration Regulations” means subchapter C of chapter VII of title 15, Code of Federal Regulations.

(4) **GOVERNMENT.**—The term “government” includes any agency or instrumentality of a government.

(5) **IRAN.**—The term “Iran” includes any agency or instrumentality of Iran.

(6) **STATE SPONSOR OF TERRORISM.**—The term “state sponsor of terrorism” means any country the government of which the Secretary of State has determined has repeatedly provided support for acts of international terrorism pursuant to—

(A) section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)) (or any successor thereto);  

(B) section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)); or  

(C) section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)).
(7) **Transshipment, Reexportation, or Diversion.**—The term “transshipment, reexportation, or diversion” means the exportation, directly or indirectly, of items that originated in the United States to an end-user whose identity cannot be verified or to an entity in Iran in violation of the laws or regulations of the United States by any means, including by—

(A) shipping such items through 1 or more foreign countries; or

(B) by using false information regarding the country of origin of such items.

**SEC. 302. IDENTIFICATION OF LOCATIONS OF CONCERN WITH RESPECT TO TRANSSHIPMENT, REEXPORTATION, OR DIVERSION OF CERTAIN ITEMS TO IRAN.**

Not later than 180 days after the date of the enactment of this Act, and annually thereafter, the Director of National Intelligence shall submit to the Secretary of Commerce, the Secretary of State, the Secretary of the Treasury, and the appropriate congressional committees a report that identifies all countries that the Director determines are of concern with respect to transshipment, reexportation, or diversion of items subject to the provisions
of the Export Administration Regulations to an entity in Iran.

SEC. 303. DESTINATIONS OF POSSIBLE DIVERSION CONCERN AND DESTINATIONS OF DIVERSION CONCERN.

(a) Destinations of Possible Diversion Concern.—

(1) Designation.—The Secretary of Commerce shall designate a country as a Destination of Possible Diversion Concern if the Secretary, in consultation with the Secretary of State and the Secretary of the Treasury, determines that such designation is appropriate to carry out activities to strengthen the export control systems of that country based on criteria that include—

(A) the volume of items that originated in the United States that are transported through the country to end-users whose identities cannot be verified;

(B) the inadequacy of the export and reexport controls of the country;

(C) the unwillingness or demonstrated inability of the government of the country to control diversion activities; and
(D) the unwillingness or inability of the government of the country to cooperate with the United States in interdiction efforts.

(2) Strengthening export control systems of destinations of possible diversion concern.—If the Secretary of Commerce designates a country as a Destination of Possible Diversion Concern under paragraph (1), the United States shall initiate government-to-government activities described in paragraph (3) to strengthen the export control systems of the country.

(3) Government-to-government activities described.—The government-to-government activities described in this paragraph include—

(A) cooperation by agencies and departments of the United States with counterpart agencies and departments in a country designated as a Destination of Possible Diversion Concern under paragraph (1) to—

(i) develop or strengthen export control systems in the country;

(ii) strengthen cooperation and facilitate enforcement of export control systems in the country; and
(iii) promote information and data exchanges among agencies of the country and with the United States; and

(B) efforts by the Office of International Programs of the Department of Commerce to strengthen the export control systems of the country to—

(i) facilitate legitimate trade in high-technology goods; and

(ii) prevent terrorists and state sponsors of terrorism, including Iran, from obtaining nuclear, biological, and chemical weapons, defense technologies, components for improvised explosive devices, and other defense items.

(b) DESTINATIONS OF DIVERSION CONCERN.—

(1) DESIGNATION.—The Secretary of Commerce shall designate a country as a Destination of Diversion Concern if the Secretary, in consultation with the Secretary of State and the Secretary of the Treasury, determines—

(A) that the government of the country allows substantial transshipment, reexportation, or diversion of items that originated in the
United States to end-users whose identities cannot be verified or to entities in Iran; or

(B) 12 months after the Secretary of Commerce designates the country as a Destination of Possible Diversion Concern under subsection (a)(1), that the country has failed—

(i) to cooperate with the government-to-government activities initiated by the United States under subsection (a)(2); or

(ii) based on the criteria described in subsection (a)(1), to adequately strengthen the export control systems of the country.

(2) LICENSING CONTROLS WITH RESPECT TO DESTINATIONS OF DIVERSION CONCERN.—

(A) REPORT ON SUSPECT ITEMS.—

(i) IN GENERAL.—Not later than 45 days after the date of the enactment of this Act, the Secretary of Commerce, in consultation with the Director of National Intelligence, the Secretary of State, and the Secretary of the Treasury, shall submit to the appropriate congressional committees a report containing a list of items that, if the items were transshipped, reex-
ported, or diverted to Iran, could con-
tribute to—

(I) Iran obtaining nuclear, bio-
logical, or chemical weapons, defense
technologies, components for impro-
vised explosive devices, or other de-
fense items; or

(II) support by Iran for acts of
international terrorism.

(ii) CONSIDERATIONS FOR LIST.—In
developing the list required under clause
(i), the Secretary of Commerce shall con-
sider—

(I) the items subject to licensing
requirements under section 742.8 of
title 15, Code of Federal Regulations
(or any corresponding similar regula-
tion or ruling) and other existing li-
censing requirements; and

(II) the items added to the list of
items for which a license is required
for exportation to North Korea by the
final rule of the Bureau of Export Ad-
ministration of the Department of
Commerce issued on June 19, 2000
(65 Fed. Reg. 38148; relating to export restrictions on North Korea).

(B) LICENSING REQUIREMENT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Commerce shall require a license to export an item on the list required under subparagraph (A)(i) to a country designated as a Destination of Diversion Concern.

(C) WAIVER.—The President may waive the imposition of the licensing requirement under subparagraph (B) with respect to a country designated as a Destination of Diversion Concern if the President—

(i) determines that such a waiver is in the national interest of the United States; and

(ii) submits to the appropriate congressional committees a report describing the reasons for the determination.

(c) TERMINATION OF DESIGNATION.—The designation of a country as a Destination of Possible Diversion Concern or a Destination of Diversion Concern shall terminate on the date on which the Secretary of Commerce determines, based on the criteria described in subpara-
graphs (A) through (D) of subsection (a)(1), and certifies
to Congress and the President that the country has ade-
quately strengthened the export control systems of the
country to prevent transshipment, reexportation, and di-
version of items through the country to end-users whose
identities cannot be verified or to entities in Iran.

(d) AUTHORIZATION OF APPROPRIATIONS.—There
are authorized to be appropriated such sums as may be
necessary to carry out this section.

SEC. 304. REPORT ON EXPANDING DIVERSION CONCERN
SYSTEM TO COUNTRIES OTHER THAN IRAN.

Not later than 180 days after the date of the enact-
ment of this Act, the Director of National Intelligence, in
consultation with the Secretary of Commerce, the Sec-
retary of State, and the Secretary of the Treasury, shall
submit to the appropriate congressional committees a re-
port that—

(1) identifies any country that the Director de-
termines may be transshipping, reexporting, or di-
verting items subject to the provisions of the Export
Administration Regulations to another country if
such other country—

(A) is seeking to obtain nuclear, biological,
or chemical weapons, defense technologies, com-
ponents for improvised explosive devices, or
other defense items; or
(B) provides support for acts of inter-
national terrorism; and
(2) assesses the feasibility and advisability of
expanding the system established under section 303
for designating countries as Destinations of Possible
Diversion Concern and Destinations of Diversion
Concern to include countries identified under para-
graph (1).

TITLE IV—EFFECTIVE DATE;
SUNSET

SEC. 401. EFFECTIVE DATE; SUNSET.

(a) EFFECTIVE DATE.—Except as provided in sec-
tions 104, 202, and 303(b)(2), the provisions of, and
amendments made by, this Act shall take effect on the
date that is 120 days after the date of the enactment of
this Act.

(b) SUNSET.—The provisions of this Act shall termi-
nate on the date that is 30 days after the date on which
the President certifies to Congress that—
(1) the Government of Iran has ceased pro-
viding support for acts of international terrorism
and no longer satisfies the requirements for designa-
tion as a state sponsor of terrorism under—
(A) section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)) (or any successor thereto);

(B) section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)); or

(C) section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)); and

(2) Iran has ceased the pursuit, acquisition, and development of nuclear, biological, and chemical weapons and ballistic missiles and ballistic missile launch technology.

Passed the Senate January 28, 2010.

Attest:

Secretary.
AN ACT

To expand the Iran Sanctions Act of 1996, to provide for the divestment of assets in Iran by State and local governments and other entities, to amend the nondiscrimination provisions of such Act with respect to certain entities under such Act, to provide for designation of certain locations in Iran as locations of concern with respect to trans-shipment, reexportation, or diversion of items prohibited to be shipped to Iran by such Act, and for other purposes.