AN ACT

To authorize appropriations for fiscal year 2012 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, 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.

This Act may be cited as the “National Defense Au-
threshold Act for Fiscal Year 2012”.

SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF
CONTENTS.

(a) DIVISIONS.—This Act is organized into four divi-
sions as follows:

(1) Division A—Department of Defense Author-
izations.

(2) Division B—Military Construction Author-
izations.

(3) Division C—Department of Energy National
Security Authorizations and Other Authorizations.

(4) Division D—Funding Tables.

(5) Division E—SBIR and STTR Reauthoriza-
tion.

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

Sec. 1. Short title.
Sec. 2. Organization of Act into divisions; table of contents.
Sec. 3. Congressional defense committees.
Sec. 4. Scoring of budgetary effects.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

Sec. 101. Authorization of appropriations.
(3) A summary of the defense needs asserted by
the Government of the Republic of Georgia as jus-
tification for its requests for defensive arms pur-
chases.

(4) A description of the action taken on any de-
fensive arms sale request by the Government of the
Republic of Georgia and an explanation for such ac-
tion.

d) FORM.—The plan required under subsection (a)
shall be submitted in unclassified form, but may contain
a classified annex.

SEC. 1245. IMPOSITION OF SANCTIONS WITH RESPECT TO
THE FINANCIAL SECTOR OF IRAN.

(a) FINDINGS.—Congress makes the following find-
ings:

(1) On November 21, 2011, the Secretary of
the Treasury issued a finding under section 5318A
of title 31, United States Code, that identified Iran
as a jurisdiction of primary money laundering con-
cern.

(2) In that finding, the Financial Crimes En-
fforcement Network of the Department of the Treas-
ury wrote, "The Central Bank of Iran, which regu-
lates Iranian banks, has assisted designated Iranian
banks by transferring billions of dollars to these
banks in 2011. In mid-2011, the CBI transferred several billion dollars to designated banks, including Saderat, Mellat, EDBI and Melli, through a variety of payment schemes. In making these transfers, the CBI attempted to evade sanctions by minimizing the direct involvement of large international banks with both CBI and designated Iranian banks.”.

(3) On November 22, 2011, the Under Secretary of the Treasury for Terrorism and Financial Intelligence, David Cohen, wrote, “Treasury is calling out the entire Iranian banking sector, including the Central Bank of Iran, as posing terrorist financing, proliferation financing, and money laundering risks for the global financial system.”.

(b) DESIGNATION OF FINANCIAL SECTOR OF IRAN AS OF PRIMARY MONEY LAUNDERING CONCERN.—The financial sector of Iran, including the Central Bank of Iran, is designated as of primary money laundering concern for purposes of section 5318A of title 31, United States Code, because of the threat to government and financial institutions resulting from the illicit activities of the Government of Iran, including its pursuit of nuclear weapons, support for international terrorism, and efforts to deceive responsible financial institutions and evade sanctions.
(c) Freezing of Assets of Iranian Financial Institutions.—The President shall, pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), block and prohibit all transactions in all property and interests in property of an Iranian financial institution if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.

(d) Imposition of Sanctions With Respect to the Central Bank of Iran and Other Iranian Financial Institutions.—

(1) In General.—Except as specifically provided in this subsection, beginning on the date that is 60 days after the date of the enactment of this Act, the President—

(A) shall prohibit the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that the President determines has knowingly conducted or facilitated any significant financial transaction with the Central Bank of Iran or another Iranian financial institution designated by the Secretary of the Treasury for the imposition of sanctions.
pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.);
and

(B) may impose sanctions pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) with respect to the Central Bank of Iran.

(2) Exception for sales of food, medicine, and medical devices.—The President may not impose sanctions under paragraph (1) with respect to any person for conducting or facilitating a transaction for the sale of food, medicine, or medical devices to Iran.

(3) Applicability of sanctions with respect to foreign central banks.—Except as provided in paragraph (4), sanctions imposed under paragraph (1)(A) shall apply with respect to a foreign financial institution owned or controlled by the government of a foreign country, including a central bank of a foreign country, only insofar as it engages in a financial transaction for the sale or purchase of petroleum or petroleum products to or from Iran conducted or facilitated on or after that date that is 180 days after the date of the enactment of this Act.
(4) Applicability of sanctions with respect to petroleum transactions.—

(A) Report required.—Not later than 60 days after the date of the enactment of this Act, and every 60 days thereafter, the Administrator of the Energy Information Administration, in consultation with the Secretary of the Treasury, shall submit to Congress a report on the availability and price of petroleum and petroleum products produced in countries other than Iran in the 60-day period preceding the submission of the report.

(B) Determination required.—Not later than 90 days after the date of the enactment of the Act, and every 180 days thereafter, the President shall make a determination, based on the reports required by subparagraph (A), of whether the price and supply of petroleum and petroleum products produced in countries other than Iran is sufficient to permit purchasers of petroleum and petroleum products from Iran to reduce significantly in volume their purchases from Iran.

(C) Application of sanctions.—Except as provided in subparagraph (D), sanctions im-
posed under paragraph (1)(A) shall apply with respect to a financial transaction conducted or facilitated by a foreign financial institution on or after the date that is 180 days after the date of the enactment of this Act for the purchase of petroleum or petroleum products from Iran if the President determines pursuant to sub-paragraph (B) that there is a sufficient supply of petroleum and petroleum products from countries other than Iran to permit a significant reduction in the volume of petroleum and petroleum products purchased from Iran by or through foreign financial institutions.

(D) EXCEPTION.—Sanctions imposed pursuant to paragraph (1) shall not apply with respect to a foreign financial institution if the President determines and reports to Congress, not later than 90 days after the date on which the President makes the determination required by subparagraph (B), and every 180 days thereafter, that the country with primary jurisdiction over the foreign financial institution has significantly reduced its volume of crude oil purchases from Iran during the period beginning on the date on which the President sub-
mitted the last report with respect to the coun-
try under this subparagraph.

(5) WAIVER.—The President may waive the im-
position of sanctions under paragraph (1) for a pe-
riod of not more than 120 days, and may renew that
waiver for additional periods of not more than 120
days, if the President—

(A) determines that such a waiver is vital
to the national security of the United States;
and

(B) submits to Congress a report—

(i) providing a justification for the
waiver; and

(ii) that includes any concrete co-
operation the President has received or ex-
pects to receive as a result of the waiver.

(e) MULTILATERAL DIPLOMACY INITIATIVE.—

(1) IN GENERAL.—The President shall—

(A) carry out an initiative of multilateral
diplomacy to persuade countries purchasing oil
from Iran—

(i) to limit the use by Iran of revenue
from purchases of oil to purchases of non-
luxury consumers goods from the country
purchasing the oil; and
(ii) to prohibit purchases by Iran of—

(I) military or dual-use technology, including items—

(aa) in the Annex to the to
the Missile Technology Control
Regime Guidelines;

(bb) in the Annex on Chemi-
cals to the Convention on the
Prohibition of the Development,
Production, Stockpiling and Use
of Chemical Weapons and on
their Destruction, done at Paris
January 13, 1993, and entered
into force April 29, 1997 (com-
monly known as the “Chemical
Weapons Convention”);

(cc) in Part 1 or 2 of the
Nuclear Suppliers Group Guide-
lines; or

(dd) on a control list of the
Wassenaar Arrangement on Ex-
port Controls for Conventional
Arms and Dual-Use Goods and
Technologies; or
(II) any other item that could contribute to Iran’s conventional, nuclear, chemical or biological weapons program; and

(B) conduct outreach to petroleum-producing countries to encourage those countries to increase their output of crude oil to ensure there is a sufficient supply of crude oil from countries other than Iran and to minimize any impact on the price of oil resulting from the imposition of sanctions under this section.

(2) REPORT REQUIRED.—Not later than 180 days after the date of the enactment of this Act, and every 180 days thereafter, the President shall submit to Congress a report on the efforts of the President to carry out the initiative described in paragraph (1)(A) and conduct the outreach described in paragraph (1)(B) and the results of those efforts.

(f) FORM OF REPORTS.—Each report submitted under this section shall be submitted in unclassified form, but may contain a classified annex.

(g) DEFINITIONS.—In this section:

(1) ACCOUNT; CORRESPONDENT ACCOUNT; PAYABLE-THROUGH ACCOUNT.—The terms “account”, “correspondent account”, and “payable-through ac-
count’’ have the meanings given those terms in section 5318A of title 31, United States Code.

(2) FOREIGN FINANCIAL INSTITUTION.—The term “foreign financial institution” has the meaning of that term as determined by the Secretary of the Treasury pursuant to section 104(i) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513(i)).

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

(A) a natural person who is a citizen or resident of the United States or a national of the United States (as defined in section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)); and

(B) an entity that is organized under the laws of the United States or jurisdiction within the United States.

TITLE XIII—COOPERATIVE THREAT REDUCTION

SEC. 1301. SPECIFICATION OF COOPERATIVE THREAT REDUCTION PROGRAMS AND FUNDS.

(a) Specification of Cooperative Threat Reduction Programs.—For purposes of section 301 and other provisions of this Act, Cooperative Threat Reduction