AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

H. R. 2194

One Hundred Eleventh Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Tuesday, the fifth day of January, two thousand and ten

An Act

To amend the Iran Sanctions Act of 1996 to enhance United States diplomatic efforts with respect to Iran by expanding economic sanctions against Iran.

Be it enacted by the Senate and House of Representatives 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 Divestment Act of 2010".

(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 the need to impose additional sanctions with respect to 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. Mandatory sanctions with respect to financial institutions that engage in certain transactions.
Sec. 105. Imposition of sanctions on certain persons who are responsible for or complicit in human rights abuses committed against citizens of Iran or their family members after the June 12, 2009, elections in Iran.
Sec. 106. Prohibition on procurement contracts with persons that export sensitive technology to Iran.
Sec. 107. Harmonization of criminal penalties for violations of sanctions.
Sec. 108. Authority to implement United Nations Security Council resolutions imposing sanctions with respect to Iran.
Sec. 109. Increased capacity for efforts to combat unlawful or terrorist financing.
Sec. 110. Reports on investments in the energy sector of Iran.
Sec. 111. Reports on certain activities of foreign export credit agencies and of the Export-Import Bank of the United States.
Sec. 112. Sense of Congress regarding Iran's Revolutionary Guard Corps and its affiliates.
Sec. 113. Sense of Congress regarding Iran and Hezbollah.
Sec. 114. Sense of Congress regarding the imposition of multilateral sanctions with respect to Iran.
Sec. 115. Report on providing compensation for victims of international terrorism.

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.
Sec. 205. Technical corrections to Sudan Accountability and Divestment Act of 2007.

TITLE III—PREVENTION OF DIVERSION OF CERTAIN GOODS, SERVICES, AND TECHNOLOGIES TO IRAN

Sec. 301. Definitions.

Sec. 302. Identification of countries of concern with respect to the diversion of certain goods, services, and technologies to or through Iran.
Sec. 303. Destinations of Diversion Concern.
Sec. 304. Report on expanding diversion concern system to address the diversion of United States origin goods, services, and technologies to certain countries other than Iran.
Sec. 305. Enforcement authority.

TITLE IV—GENERAL PROVISIONS

Sec. 401. General provisions.
Sec. 402. Determination of budgetary effects.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) The illicit nuclear activities of the Government of Iran, combined with its development of unconventional weapons and ballistic missiles and its support for international terrorism, represent a threat 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 suspend those activities and comply with its obligations under the Treaty on the 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 do everything possible—diplomatically, politically, and economically—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 nuclear weapons program and other illicit nuclear activities.

(6) The Government of Iran continues to engage in serious, systematic, and ongoing violations of human rights, including suppression of freedom of expression and religious freedom, illegitimately prolonged detention, torture, and executions. Such violations have increased in the aftermath of the fraudulent presidential election in Iran on June 12, 2009.

(7) The Government of Iran has been unresponsive to President Obama's unprecedented and serious efforts at engagement, revealing that the Government of Iran is not interested in a diplomatic resolution, as made clear, for example, by the following:

(A) Iran's apparent rejection of the Tehran Research Reactor plan, generously offered by the United States and its partners, of potentially great benefit to the people of Iran, and endorsed by Iran's own negotiators in October 2009.

(B) Iran's ongoing clandestine nuclear program, as evidenced by its work on the secret uranium enrichment facility at Qom, its subsequent refusal to cooperate fully with inspectors from the International Atomic Energy Agency, and its announcement that it would build 10 new uranium enrichment facilities.

(C) Iran's official notification to the International Atomic Energy Agency that it would enrich uranium to the 20 percent level, followed soon thereafter by its providing to that Agency a laboratory result showing that Iran had indeed enriched some uranium to 19.8 percent.

(D) A February 18, 2010, report by the International Atomic Energy Agency expressing "concerns about the possible existence in Iran of past or current undisclosed activities related to the development of a nuclear payload for a missile. These alleged activities consist of a number of projects and sub-projects, covering nuclear and missile related aspects, run by military-related organizations.".

(E) A May 31, 2010, report by the International Atomic Energy Agency expressing continuing strong concerns about Iran's lack of cooperation with the Agency's verification efforts and Iran's ongoing enrichment activities, which are contrary to the longstanding demands of the Agency and the United Nations Security Council.

(F) Iran's announcement in April 2010 that it had developed a new, faster generation of centrifuges for enriching uranium.

(G) Iran's ongoing arms exports to, and support for, terrorists in direct contravention of United Nations Security Council resolutions.

(H) Iran's July 31, 2009, arrest of 3 young citizens of the United States on spying charges.

(8) There is an increasing interest by State governments, local governments, educational institutions, and private institutions, business firms, and other investors 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.

(9) Black market proliferation networks continue to flourish in the Middle East, allowing countries like Iran to gain access to sensitive dual-use technologies.

(10) Economic sanctions imposed pursuant to the provisions of this Act, the Iran Sanctions Act of 1996, as amended by this Act, and the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), and other authorities available to the United States to impose economic sanctions to prevent Iran from developing nuclear weapons, are necessary to protect the essential security interests of the United States.

SEC. 3. SENSE OF CONGRESS REGARDING THE NEED TO IMPOSE ADDITIONAL SANCTIONS WITH RESPECT TO 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 strong additional sanctions are imposed on the Government of Iran;

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

(3) the revelation in September 2009 that Iran is developing a secret uranium enrichment site on a base of Iran's Revolutionary Guard Corps near Qom, which appears to have no civilian application, highlights the urgency that Iran—

(A) disclose the full nature of its nuclear program, including any other secret locations; and

(B) provide the International Atomic Energy Agency unfettered access to its facilities pursuant to Iran's legal obligations under the Treaty on the 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") and Iran's safeguards agreement with the International Atomic Energy Agency;

(4) because of the involvement of Iran's Revolutionary Guard Corps in Iran's nuclear program, international terrorism, and domestic human rights abuses, the President should impose the full range of applicable sanctions on—

(A) any individual or entity that is an agent, alias, front, instrumentality, representative, official, or affiliate of Iran's Revolutionary Guard Corps; and

(B) any individual or entity that has conducted any commercial transaction or financial transaction with an individual or entity described in subparagraph (A);

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

(6) the President should—

(A) continue to urge 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 and other individuals who 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 and other individuals the President identifies as being responsible for such violations from entry into the United States; and

(ii) freezing the assets of the officials and other individuals described in clause (i);

(7) 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 on June 12, 2009;

(8) with respect to nongovernmental organizations based in the United States—

(A) many of such organizations are essential to promoting human rights and humanitarian goals around the world;

(B) it is in the national interest of the United States to allow responsible nongovernmental organizations based in the United States to establish and carry out operations

in Iran to promote civil society and foster humanitarian goodwill among the people of Iran; and

(C) the United States should ensure that the organizations described in subparagraph (B) are not unnecessarily hindered from working in Iran to provide humanitarian, human rights, and people-to-people assistance, as appropriate, to the people of Iran;

(9) the United States should not issue a license pursuant to an agreement for cooperation (as defined in section 11 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2014(b))) for the export of nuclear material, facilities, components, or other goods, services, or technology that are or would be subject to such an agreement to a country that is providing similar nuclear material, facilities, components, or other goods, services, or technology to another country that is not in full compliance with its obligations under the Nuclear Non-Proliferation Treaty, including its obligations under the safeguards agreement between that country and the International Atomic Energy Agency, unless the President determines that the provision of such similar nuclear material, facilities, components, or other goods, services, or technology to such other country does not undermine the nonproliferation policies and objectives of the United States; and

(10) the people of the United States—

(A) have feelings of friendship for the people of Iran;

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

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

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 of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note), as amended by section 102 of this Act.

(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, a spouse, child, parent, sibling, grandchild, or grandparent of the individual.

(5) IRANIAN DIPLOMATS AND REPRESENTATIVES OF OTHER GOVERNMENT AND MILITARY OR QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN.—The term "Iranian diplomat or representative of another government or military or quasi-governmental institution of Iran" means any of the Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran (as that term is defined in

section 14 of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note)).

(6) KNOWINGLY.—The term "knowingly", with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result.

(7) MEDICAL DEVICE.—The term "medical device" has the meaning given the term "device" in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

(8) 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).

(9) STATE.—The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the United States Virgin Islands, and any other territory or possession of the United States.

(10) 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 any State.

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—

(1) 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 3 or more of the sanctions described in section 6(a) with respect to a person if the President determines that the person knowingly, on or after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010—

"(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 of 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 3 or more of the sanctions described in section 6(a) with respect to a person if the President determines that the person knowingly, on or

after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, sells, leases, or provides to Iran goods, services, technology, information, or support described in subparagraph (B)—

"(i) any of which has a fair market value of $1,000,000 or more; or

"(ii) that, during a 12-month period, have an aggregate fair market value of $5,000,000 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 direct and significant assistance with respect to the 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 3 or more of the sanctions described in section 6(a) with respect to a person if the President determines that the person knowingly, on or after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010—

"(i) sells or provides to Iran refined petroleum products—

"(I) that have a fair market value of $1,000,000 or more; or

"(II) that, during a 12-month period, have an aggregate fair market value of $5,000,000 or more; or

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

"(I) any of which has a fair market value of $1,000,000 or more; or

"(II) that, during a 12-month period, have an aggregate fair market value of $5,000,000 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 contribute to the enhancement of Iran's ability to import refined petroleum products, including—

"(i) except as provided in subparagraph (C), underwriting or entering into a contract to provide 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.

"(C) EXCEPTION FOR UNDERWRITERS AND INSURANCE PROVIDERS EXERCISING DUE DILIGENCE.—The President may not impose sanctions under this paragraph with respect

to a person that provides underwriting services or insurance or reinsurance if the President determines that the person has exercised due diligence in establishing and enforcing official policies, procedures, and controls to ensure that the person does not underwrite or enter into a contract to provide insurance or reinsurance for the sale, lease, or provision of goods, services, technology, information, or support described in subparagraph (B).";

(2) in subsection (b)—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and moving such subparagraphs, as so redesignated, 2 ems to the right;

(B) by striking "The President shall impose" and inserting the following:

"(1) IN GENERAL.—The President shall impose"; and

(C) in paragraph (1), as redesignated by subparagraph (B) of this paragraph, by striking "two or more" and all that follows through "of this Act" and inserting "3 or more of the sanctions described in section 6(a) if the President determines that a person has, on or after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010"; and

(D) by adding at the end the following:

"(2) ADDITIONAL MANDATORY SANCTIONS RELATING TO TRANSFER OF NUCLEAR TECHNOLOGY.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), in any case in which a person is subject to sanctions under paragraph (1) because of an activity described in that paragraph that relates to the acquisition or development of nuclear weapons or related technology or of missiles or advanced conventional weapons that are designed or modified to deliver a nuclear weapon, no license may be issued for the export, and no approval may be given for the transfer or retransfer, directly or indirectly, to the country the government of which has primary jurisdiction over the person, of any nuclear material, facilities, components, or other goods, services, or technology that are or would be subject to an agreement for cooperation between the United States and that government.

"(B) EXCEPTION.—The sanctions described in subparagraph (A) shall not apply with respect to a country the government of which has primary jurisdiction over a person that engages in an activity described in that subparagraph if the President determines and notifies the appropriate congressional committees that the government of the country—

"(i) does not know or have reason to know about the activity; or

"(ii) has taken, or is taking, all reasonable steps necessary to prevent a recurrence of the activity and to penalize the person for the activity.

"(C) INDIVIDUAL APPROVAL.—Notwithstanding subparagraph (A), the President may, on a case-by-case basis, approve the issuance of a license for the export, or approve the transfer or retransfer, of any nuclear material, facilities, components, or other goods, services, or technology

that are or would be subject to an agreement for cooperation, to a person in a country to which subparagraph (A) applies (other than a person that is subject to the sanctions under paragraph (1)) if the President—

"(i) determines that such approval is vital to the national security interests of the United States; and

"(ii) not later than 15 days before issuing such license or approving such transfer or retransfer, submits to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate the justification for approving such license, transfer, or retransfer.

"(D) CONSTRUCTION.—The restrictions in subparagraph (A) shall apply in addition to all other applicable procedures, requirements, and restrictions contained in the Atomic Energy Act of 1954 and other related laws.

"(E) DEFINITION.—In this paragraph, the term 'agreement for cooperation' has the meaning given that term in section 11 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2014(b)).

"(F) APPLICABILITY.—The sanctions under subparagraph (A) shall apply only in a case in which a person is subject to sanctions under paragraph (1) because of an activity described in that paragraph in which the person engages on or after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010.";

(3) in subsection (c)—

(A) by striking "(b)" each place it appears and inserting "(b)(1)"; and

(B) by striking paragraph (2) and inserting the following:

"(2) any person that—

"(A) is a successor entity to the person referred to in paragraph (1);

"(B) owns or controls the person referred to in paragraph (1), if the person that owns or controls the person referred to in paragraph (1) had actual knowledge or should have known that the person referred to in paragraph (1) engaged in the activities referred to in that paragraph; or

"(C) is owned or controlled by, or under common ownership or control with, the person referred to in paragraph (1), if the person owned or controlled by, or under common ownership or control with (as the case may be), the person referred to in paragraph (1) knowingly engaged in the activities referred to in that paragraph."; and

(4) in subsection (f)—

(A) in the matter preceding paragraph (1), by striking "(b)" and inserting "(b)(1)"; and

(B) in paragraph (2), by striking "section 301(b)(1) of that Act (19 U.S.C. 2511(b)(1))" and inserting "section 301(b) of that Act (19 U.S.C. 2511(b))".

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

(1) by striking "The sanctions to be imposed" and inserting the following:

"(a) IN GENERAL.—The sanctions to be imposed";

(2) in subsection (a), as redesignated by paragraph (1)—

(A) by redesignating paragraph (6) as paragraph (9); and

(B) by inserting after paragraph (5) the following:

"(6) FOREIGN EXCHANGE.—The President may, pursuant to such regulations as the President may prescribe, prohibit any transactions in foreign exchange that are subject to the jurisdiction of the United States and in which the sanctioned person has any interest.

"(7) BANKING TRANSACTIONS.—The President may, pursuant to such regulations as the President may prescribe, prohibit any transfers of credit or payments between financial institutions or by, through, or to any financial institution, to the extent that such transfers or payments are subject to the jurisdiction of the United States and involve any interest of the sanctioned person.

"(8) PROPERTY TRANSACTIONS.—The President may, pursuant to such regulations as the President may prescribe, prohibit any person from—

"(A) acquiring, holding, withholding, using, transferring, withdrawing, transporting, importing, or exporting any property that is subject to the jurisdiction of the United States and with respect 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 transaction involving such property."; and

(3) by adding at the end the following:

"(b) ADDITIONAL MEASURE RELATING TO GOVERNMENT CONTRACTS.—

"(1) MODIFICATION OF FEDERAL ACQUISITION REGULATION.—Not later than 90 days after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the Federal Acquisition Regulation issued pursuant to section 25 of the Office of Federal Procurement Policy Act (41 U.S.C. 421) shall be revised to require a certification from each person that is a prospective contractor that the person, and any person owned or controlled by the person, does not engage in any activity for which sanctions may be imposed under section 5.

"(2) REMEDIES.—

"(A) IN GENERAL.—If the head of an executive agency determines that a person has submitted a false certification under paragraph (1) on or after the date on which the revision of the Federal Acquisition Regulation required by this subsection becomes effective, the head of that executive agency shall terminate a contract with such person or debar or suspend such person from eligibility for Federal contracts for a period of not more than 3 years. Any such debarment or suspension shall be subject to the procedures that apply to debarment and suspension under the Federal Acquisition Regulation under subpart 9.4 of part 9 of title 48, Code of Federal Regulations.

"(B) INCLUSION ON LIST OF PARTIES EXCLUDED FROM FEDERAL PROCUREMENT AND NONPROCUREMENT PROGRAMS.—The Administrator of General Services shall include on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs maintained by the Administrator under part 9 of the Federal Acquisition Regulation issued pursuant to section 25 of the Office of Federal Procurement Policy Act (41 U.S.C. 421) each person that is debarred, suspended, or proposed for debarment or suspension by the head of an executive agency on the basis of a determination of a false certification under subparagraph (A).

"(3) CLARIFICATION REGARDING CERTAIN PRODUCTS.—The remedies set forth in paragraph (2) shall not apply with respect to the procurement of eligible products, as defined in section 308(4) of the Trade Agreements Act of 1974 (19 U.S.C. 2518(4)), of any foreign country or instrumentality designated under section 301(b) of that Act (19 U.S.C. 2511(b)).

"(4) RULE OF CONSTRUCTION.—This subsection shall not be construed to limit the use of other remedies available to the head of an executive agency or any other official of the Federal Government on the basis of a determination of a false certification under paragraph (1).

"(5) WAIVERS.—The President may on a case-by-case basis waive the requirement that a person make a certification under paragraph (1) if the President determines and certifies in writing to the appropriate congressional committees, the Committee on Armed Services of the Senate, and the Committee on Armed Services of the House of Representatives, that it is in the national interest of the United States to do so.

"(6) EXECUTIVE AGENCY DEFINED.—In this subsection, 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).

"(7) APPLICABILITY.—The revisions to the Federal Acquisition Regulation required under paragraph (1) shall apply with respect to contracts for which solicitations are issued on or after the date that is 90 days after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010.".

(c) PRESIDENTIAL WAIVER.—Section 9 of such Act is amended—

(1) in subsection (a), by striking "5(b)" each place it appears and inserting "5(b)(1)"; and

(2) in subsection (c)—

(A) by striking "section 5(a) or (b)" each place it appears and inserting "section 5(a) or 5(b)(1)";

(B) in paragraph (1), by striking "important to the national interest" and inserting "necessary to the national interest"; and

(C) in paragraph (2), 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) REPORTS ON GLOBAL TRADE RELATING TO IRAN.—Section 10 of such Act is amended by adding at the end the following:

"(d) REPORTS ON GLOBAL TRADE RELATING TO IRAN.—Not later than 90 days after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, and annually thereafter, the President shall submit to the appropriate congressional committees a report, with respect to the most recent 12-month period for which data are available, on the dollar value amount of trade, including in the energy sector, between Iran and each country maintaining membership in the Group of 20 Finance Ministers and Central Bank Governors.".

(e) EXTENSION OF IRAN SANCTIONS ACT OF 1996.—Section 13(b) of such Act is amended by striking "December 31, 2011" and inserting "December 31, 2016".

(f) CLARIFICATION AND EXPANSION OF DEFINITIONS.—Section 14 of such Act is amended—

(1) in paragraph (2), by striking "the Committee on Banking and Financial Services, and the Committee on International Relations" and inserting "the Committee on Financial Services, and the Committee on Foreign Affairs";

(2) in paragraph (9), in the flush text following subparagraph (C), by striking "The term 'investment' does not include" and all that follows through "technology.";

(3) by redesignating paragraphs (12), (13), (14), (15), and (16) as paragraphs (13), (14), (15), (17), and (18), respectively;

(4) by inserting after paragraph (11) the following:

"(12) KNOWINGLY.—The term 'knowingly', with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result.";

(5) in paragraph (14), as redesignated by paragraph (3) of this subsection—

(A) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and moving such clauses, as so redesignated, 2 ems to the right;

(B) by striking "The term 'person' means—" and inserting the following:

"(A) IN GENERAL.—The term 'person' means—";

(C) in subparagraph (A), as redesignated by this paragraph—

(i) in clause (ii), by inserting "financial institution, insurer, underwriter, guarantor, and any other business organization," after "trust,"; and

(ii) in clause (iii), by striking "subparagraph (B)" and inserting "clause (ii)"; and

(D) by adding at the end the following:

"(B) APPLICATION TO GOVERNMENTAL ENTITIES.—The term 'person' does not include a government or governmental entity that is not operating as a business enterprise.";

(6) in paragraph (15), as redesignated by paragraph (3) of this subsection, 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"; and

(7) by inserting after paragraph (15), as so redesignated, the following:

"(16) REFINED PETROLEUM PRODUCTS.—The term 'refined petroleum products' means diesel, gasoline, jet fuel (including naphtha-type and kerosene-type jet fuel), and aviation gasoline.".

(g) WAIVER FOR CERTAIN PERSONS IN CERTAIN COUNTRIES; MANDATORY INVESTIGATIONS AND REPORTING; CONFORMING AMENDMENTS.—Section 4 of such Act is amended—

(1) in subsection (b)(2), by striking "(in addition to that provided in subsection (d))";

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking "The President may" and inserting the following:

"(A) GENERAL WAIVER.—The President may"; and

(ii) by adding at the end the following:

"(B) WAIVER WITH RESPECT TO PERSONS IN COUNTRIES THAT COOPERATE IN MULTILATERAL EFFORTS WITH RESPECT TO IRAN.—The President may, on a case by case basis, waive for a period of not more than 12 months the application of section 5(a) with respect to a person if the President, at least 30 days before the waiver is to take effect—

"(i) certifies to the appropriate congressional committees that—

"(I) the government with primary jurisdiction over the person is closely cooperating with the United States in multilateral efforts to prevent Iran from—

"(aa) acquiring or developing chemical, biological, or nuclear weapons or related technologies; or

"(bb) acquiring or developing destabilizing numbers and types of advanced conventional weapons; and

"(II) such a waiver is vital to the national security interests of the United States; and

"(ii) submits to the appropriate congressional committees a report identifying—

"(I) the person with respect to which the President waives the application of sanctions; and

"(II) the actions taken by the government described in clause (i)(I) to cooperate in multilateral efforts described in that clause."; and

(B) by striking paragraph (2) and inserting the following:

"(2) SUBSEQUENT RENEWAL OF WAIVER.—At the conclusion of the period of a waiver under subparagraph (A) or (B) of paragraph (1), the President may renew the waiver—

"(A) if the President determines, in accordance with subparagraph (A) or (B) of that paragraph (as the case may be), that the waiver is appropriate; and

"(B)(i) in the case of a waiver under subparagraph (A) of paragraph (1), for subsequent periods of not more than six months each; and

"(ii) in the case of a waiver under subparagraph (B) of paragraph (1), for subsequent periods of not more than 12 months each.";

(3) by striking subsection (d);

(4) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively; and

(5) in subsection (e), as redesignated by paragraph (4) of this subsection—

(A) in paragraph (1)—

(i) by striking "should initiate" and inserting "shall initiate"; and

(ii) by striking "investment activity in Iran as" and inserting "an activity";

(B) in paragraph (2)—

(i) by striking "should determine" and inserting "shall (unless paragraph (3) applies) determine"; and

(ii) by striking "investment activity in Iran as" and inserting "an activity"; and

(C) by adding at the end the following:

"(3) SPECIAL RULE.—The President need not initiate an investigation, and may terminate an investigation, under this subsection if the President certifies in writing to the appropriate congressional committees that—

"(A) the person whose activity was the basis for the investigation is no longer engaging in the activity or has taken significant verifiable steps toward stopping the activity; and

"(B) the President has received reliable assurances that the person will not knowingly engage in an activity described in section 5(a) in the future.".

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall—

(A) take effect on the date of the enactment of this Act; and

(B) except as provided in this subsection or section 6(b)(7) of the Iran Sanctions Act of 1996, as amended by subsection (b) of this section, apply with respect to an investment or activity described in subsection (a) or (b) of section 5 of the Iran Sanctions Act of 1996, as amended by this section, that is commenced on or after such date of enactment.

(2) APPLICABILITY TO ONGOING INVESTMENTS PROHIBITED UNDER PRIOR LAW.—A person that makes an investment described in section 5(a) of the Iran Sanctions Act of 1996, as in effect on the day before the date of the enactment of this Act, that is commenced before such date of enactment and continues on or after such date of enactment, shall, except as provided in paragraph (4), be subject to the provisions of the Iran Sanctions Act of 1996, as in effect on the day before such date of enactment.

(3) APPLICABILITY TO ONGOING ACTIVITIES RELATING TO CHEMICAL, BIOLOGICAL, OR NUCLEAR WEAPONS OR RELATED

TECHNOLOGIES.—A person that, before the date of the enactment of this Act, commenced an activity described in section 5(b) of the Iran Sanctions Act of 1996, as in effect on the day before such date of enactment, and continues the activity on or after such date of enactment, shall be subject to the provisions of the Iran Sanctions Act of 1996, as amended by this Act.

(4) APPLICABILITY OF MANDATORY INVESTIGATIONS TO INVESTMENTS.—The amendments made by subsection (g)(5) of this section shall apply on and after the date of the enactment of this Act—

(A) with respect to an investment described in section 5(a)(1) of the Iran Sanctions Act of 1996, as amended by subsection (a) of this section, that is commenced on or after such date of enactment; and

(B) with respect to an investment described in section 5(a) of the Iran Sanctions Act of 1996, as in effect on the day before the date of the enactment of this Act, that is commenced before such date of enactment and continues on or after such date of enactment.

(5) APPLICABILITY OF MANDATORY INVESTIGATIONS TO ACTIVITIES RELATING TO PETROLEUM.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by subsection (g)(5) of this section shall apply on and after the date that is 1 year after the date of the enactment of this Act with respect to an activity described in paragraph (2) or (3) of section 5(a) of the Iran Sanctions Act of 1996, as amended by subsection (a) of this section, that is commenced on or after the date that is 1 year after the date of the enactment of this Act or the date on which the President fails to submit a certification that is required under subparagraph (B) (whichever is applicable).

(B) SPECIAL RULE FOR DELAY OF EFFECTIVE DATE.—

(i) REPORTING REQUIREMENT.—Not later than 30 days before the date that is 1 year after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report describing—

(I) the diplomatic and other efforts of the President—

(aa) to dissuade foreign persons from engaging in activities described in paragraph (2) or (3) of section 5(a) of the Iran Sanctions Act of 1996, as amended by subsection (a) of this section; and

(bb) to encourage other governments to dissuade persons over which those governments have jurisdiction from engaging in such activities;

(II) the successes and failures of the efforts described in subclause (I); and

(III) each investigation under section 4(e) of the Iran Sanctions Act of 1996, as amended by subsection (g)(5) of this section and as in effect pursuant to subparagraph (C) of this paragraph, or any other review of an activity described in

paragraph (2) or (3) of section 5(a) of the Iran Sanctions Act of 1996, as amended by subsection (a) of this section, that is initiated or ongoing during the period beginning on the date of the enactment of this Act and ending on the date on which the President is required to submit the report.

(ii) CERTIFICATION.—If the President submits to the appropriate congressional committees, with the report required by clause (i), a certification that there was a substantial reduction in activities described in paragraphs (2) and (3) of section 5(a) of the Iran Sanctions Act of 1996, as amended by subsection (a) of this section, during the period described in clause (i)(III), the effective date provided for in subparagraph (A) shall be delayed for a 180-day period beginning after the date provided for in that subparagraph.

(iii) SUBSEQUENT REPORTS AND DELAYS.—The effective date provided for in subparagraph (A) shall be delayed for additional 180-day periods occurring after the end of the 180-day period provided for under clause (ii), if, not later than 30 days before the 180-day period preceding such additional 180-day period expires, the President submits to the appropriate congressional committees—

(I) a report containing the matters required in the report under clause (i) for the period beginning on the date on which the preceding report was required to be submitted under clause (i) or this clause (as the case may be) and ending on the date on which the President is required to submit the most recent report under this clause; and

(II) a certification that, during the period described in subclause (I), there was (as compared to the period for which the preceding report was submitted under this subparagraph) a progressive reduction in activities described in paragraphs (2) and (3) of section 5(a) of the Iran Sanctions Act of 1996, as amended by subsection (a) of this section.

(iv) CONSEQUENCE OF FAILURE TO CERTIFY.—If the President does not make a certification at a time required by this subparagraph—

(I) the amendments made by subsection (g)(5) of this section shall apply on and after the date on which the certification was required to be submitted by this subparagraph, with respect to an activity described in paragraph (2) or (3) of section 5(a) of the Iran Sanctions Act of 1996, as amended by subsection (a) of this section, that—

(aa) is referenced in the most recent report required to be submitted under this subparagraph; or

(bb) is commenced on or after the date on which such most recent report is required to be submitted; and

(II) not later than 45 days after the date on which the certification was required to be submitted by this subparagraph, the President shall make a determination under paragraph (2) or (3) of section 5(a) of the Iran Sanctions Act of 1996 (as the case may be), as amended by subsection (a) of this section, with respect to relevant activities described in subclause (I)(aa).

(C) APPLICABILITY OF PERMISSIVE INVESTIGATIONS.—During the 1-year period beginning on the date of the enactment of this Act and during any 180-day period during which the effective date provided for in subparagraph (A) is delayed pursuant to subparagraph (B), section 4(e) of the Iran Sanctions Act of 1996, as amended by subsection (g)(5) of this section, shall be applied, with respect to an activity described in paragraph (2) or (3) of section 5(a) of the Iran Sanctions Act of 1996, as amended by subsection (a) of this section, by substituting "should" for "shall" each place it appears.

(6) WAIVER AUTHORITY.—The amendments made by subsection (c) shall not be construed to affect any exercise of the authority under section 9(c) of the Iran Sanctions Act of 1996, as in effect on the day before the date of the enactment of this Act.

SEC. 103. ECONOMIC SANCTIONS RELATING TO IRAN.

(a) IN GENERAL.—Notwithstanding section 101 of the Iran Freedom Support Act (Public Law 109–293; 120 Stat. 1344), and in addition to any other sanction in effect, beginning on the date that is 90 days after the date of the enactment 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 good or service of Iranian origin may be imported directly or indirectly into the United States.

(B) EXCEPTIONS.—The exceptions provided for in section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)), including the exception for information and informational materials, shall apply to the prohibition in subparagraph (A) of this paragraph to the same extent that such exceptions apply to the authority provided under section 203(a) of that Act.

(2) PROHIBITION ON EXPORTS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), no good, service, or technology of United States origin may be exported to Iran from the United States or by a United States person, wherever located.

(B) EXCEPTIONS.—

(i) PERSONAL COMMUNICATIONS; ARTICLES TO RELIEVE HUMAN SUFFERING; INFORMATION AND INFORMATIONAL MATERIALS; TRANSACTIONS INCIDENT TO TRAVEL.—The exceptions provided for in section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)), including the exception for

information and informational materials, shall apply to the prohibition in subparagraph (A) of this paragraph to the same extent that such exceptions apply to the authority provided under section 203(a) of that Act.

(ii) FOOD; MEDICINE; HUMANITARIAN ASSISTANCE.—The prohibition in subparagraph (A) shall not apply to the exportation of—

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

(II) articles exported to Iran to provide humanitarian assistance to the people of Iran.

(iii) INTERNET COMMUNICATIONS.—The prohibition in subparagraph (A) shall not apply to the exportation of—

(I) services incident to the exchange of personal communications over the Internet or software necessary to enable such services, as provided for in section 560.540 of title 31, Code of Federal Regulations (or any corresponding similar regulation or ruling);

(II) hardware necessary to enable such services; or

(III) hardware, software, or technology necessary for access to the Internet.

(iv) GOODS, SERVICES, OR TECHNOLOGIES NECESSARY TO ENSURE THE SAFE OPERATION OF COMMERCIAL AIRCRAFT.—The prohibition in subparagraph (A) shall not apply to the exportation of goods, services, or technologies necessary to ensure the safe operation of commercial aircraft produced in the United States or commercial aircraft into which aircraft components produced in the United States are incorporated, 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 issued by the Secretary of the Treasury regarding the exportation of such goods, services, or technologies, if appropriate.

(v) GOODS, SERVICES, OR TECHNOLOGIES EXPORTED TO SUPPORT INTERNATIONAL ORGANIZATIONS.—The prohibition in subparagraph (A) shall not apply to the exportation of 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; or

(II) are necessary to support activities, including the activities of nongovernmental organizations, relating to promoting democracy in Iran.

(vi) EXPORTS IN THE NATIONAL INTEREST.—The prohibition in subparagraph (A) shall not apply to the exportation of goods, services, or technologies if the President determines the exportation of such goods, services, or technologies to be in the national interest of the United States.

(3) FREEZING ASSETS.—

(A) IN GENERAL.—At such time as the President determines that a person in Iran, including an Iranian diplomat or representative of another government or military or quasi-governmental institution of Iran (including Iran's Revolutionary Guard Corps and its affiliates), satisfies 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.), the President shall take such action as may be necessary to freeze, as soon as possible—

(i) the funds and other assets belonging to that person; and

(ii) any funds or other assets that person transfers, on or after the date on which the President determines the person satisfies such criteria, to any family member or associate acting for or on behalf of the person.

(B) REPORTS TO THE OFFICE OF FOREIGN ASSETS CONTROL.—The action described in subparagraph (A) includes requiring any United States financial institution that holds funds or assets of a person described in that subparagraph or funds or assets that person transfers to a family member or associate described in that subparagraph to report promptly to the Office of Foreign Assets Control information regarding such funds and assets.

(C) REPORTS TO CONGRESS.—Not later than 14 days after a decision is made to freeze the funds or assets of any person under subparagraph (A), the President shall report the name of the person to the appropriate congressional committees. Such a report may contain a classified annex.

(D) TERMINATION.—The President shall release assets or funds frozen under subparagraph (A) if the person to which the assets or funds belong or the person that transfers the assets or funds as described in subparagraph (A)(ii) (as the case may be) no longer satisfies 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.).

(E) UNITED STATES FINANCIAL INSTITUTION DEFINED.—In this paragraph, the term "United States financial institution" means a financial institution (as defined in section 14 of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note)) that is a United States person.

(c) PENALTIES.—The penalties provided for in subsections (b) and (c) of section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) shall apply to a person that violates, attempts to violate, conspires to violate, or causes a violation of this section or regulations prescribed under this section to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act.

(d) REGULATORY AUTHORITY.—

(1) IN GENERAL.—The President shall prescribe regulations to carry out this section, which may include regulatory exceptions to the sanctions described in subsection (b).

(2) APPLICABILITY OF CERTAIN REGULATIONS.—No exception to the prohibition under subsection (b)(1) may be made for

the commercial importation of an Iranian origin good described in section 560.534(a) of title 31, Code of Federal Regulations (as in effect on the day before the date of the enactment of this Act), unless the President—

(A) prescribes a regulation providing for such an exception on or after the date of the enactment of this Act; and

(B) submits to the appropriate congressional committees—

(i) a certification in writing that the exception is in the national interest of the United States; and

(ii) a report describing the reasons for the exception.

SEC. 104. MANDATORY SANCTIONS WITH RESPECT TO FINANCIAL INSTITUTIONS THAT ENGAGE IN CERTAIN TRANSACTIONS.

(a) FINDINGS.—Congress makes the following findings:

(1) The Financial Action Task Force is an intergovernmental body whose purpose is to develop and promote national and international policies to combat money laundering and terrorist financing.

(2) Thirty-three countries, plus the European Commission and the Cooperation Council for the Arab States of the Gulf, belong to the Financial Action Task Force. The member countries of the Financial Action Task Force include the United States, Canada, most countries in western Europe, Russia, the People's Republic of China, Japan, South Korea, Argentina, and Brazil.

(3) In 2008 the Financial Action Task Force extended its mandate to include addressing "new and emerging threats such as proliferation financing", meaning the financing of the proliferation of weapons of mass destruction, and published "guidance papers" for members to assist them in implementing various United Nations Security Council resolutions dealing with weapons of mass destruction, including United Nations Security Council Resolutions 1737 (2006) and 1803 (2008), which deal specifically with proliferation by Iran.

(4) The Financial Action Task Force has repeatedly called on members—

(A) to advise financial institutions in their jurisdictions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions;

(B) to apply effective countermeasures to protect their financial sectors from risks relating to money laundering and financing of terrorism that emanate from Iran;

(C) to protect against correspondent relationships being used by Iran and Iranian companies and financial institutions to bypass or evade countermeasures and risk-mitigation practices; and

(D) to take into account risks relating to money laundering and financing of terrorism when considering requests by Iranian financial institutions to open branches and subsidiaries in their jurisdictions.

(5) At a February 2010 meeting of the Financial Action Task Force, the Task Force called on members to apply countermeasures "to protect the international financial system from

the ongoing and substantial money laundering and terrorist financing (ML/TF) risks" emanating from Iran.

(b) SENSE OF CONGRESS REGARDING THE IMPOSITION OF SANCTIONS ON THE CENTRAL BANK OF IRAN.—Congress—

(1) acknowledges the efforts of the United Nations Security Council to impose limitations on transactions involving Iranian financial institutions, including the Central Bank of Iran; and

(2) urges the President, in the strongest terms, to consider immediately using the authority of the President to impose sanctions on the Central Bank of Iran and any other Iranian financial institution engaged in proliferation activities or support of terrorist groups.

(c) PROHIBITIONS AND CONDITIONS WITH RESPECT TO CERTAIN ACCOUNTS HELD BY FOREIGN FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations to prohibit, or impose strict conditions on, the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that the Secretary finds knowingly engages in an activity described in paragraph (2).

(2) ACTIVITIES DESCRIBED.—A foreign financial institution engages in an activity described in this paragraph if the foreign financial institution—

(A) facilitates the efforts of the Government of Iran (including efforts of Iran's Revolutionary Guard Corps or any of its agents or affiliates)—

(i) to acquire or develop weapons of mass destruction or delivery systems for weapons of mass destruction; or

(ii) to provide support for organizations designated as foreign terrorist organizations under section 219(a) of the Immigration and Nationality Act (8 U.S.C. 1189(a)) or support for acts of international terrorism (as defined in section 14 of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note));

(B) facilitates the activities of a person subject to financial sanctions pursuant to United Nations Security Council Resolution 1737 (2006), 1747 (2007), 1803 (2008), or 1929 (2010), or any other resolution that is agreed to by the Security Council and imposes sanctions with respect to Iran;

(C) engages in money laundering to carry out an activity described in subparagraph (A) or (B);

(D) facilitates efforts by the Central Bank of Iran or any other Iranian financial institution to carry out an activity described in subparagraph (A) or (B); or

(E) facilitates a significant transaction or transactions or provides significant financial services for—

(i) Iran's Revolutionary Guard Corps or any of its agents or affiliates whose property or interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.); or

(ii) a financial institution whose property or interests in property are blocked pursuant to that Act in connection with—

(I) Iran's proliferation of weapons of mass destruction or delivery systems for weapons of mass destruction; or

(II) Iran's support for international terrorism.

(3) PENALTIES.—The penalties provided for in subsections (b) and (c) of section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) shall apply to a person that violates, attempts to violate, conspires to violate, or causes a violation of regulations prescribed under paragraph (1) of this subsection to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act.

(d) PENALTIES FOR DOMESTIC FINANCIAL INSTITUTIONS FOR ACTIONS OF PERSONS OWNED OR CONTROLLED BY SUCH FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations to prohibit any person owned or controlled by a domestic financial institution from knowingly engaging in a transaction or transactions with or benefitting Iran's Revolutionary Guard Corps or any of its agents or affiliates whose property or interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.).

(2) PENALTIES.—The penalties provided for in section 206(b) of the International Emergency Economic Powers Act (50 U.S.C. 1705(b)) shall apply to a domestic financial institution to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act if—

(A) a person owned or controlled by the domestic financial institution violates, attempts to violate, conspires to violate, or causes a violation of regulations prescribed under paragraph (1) of this subsection; and

(B) the domestic financial institution knew or should have known that the person violated, attempted to violate, conspired to violate, or caused a violation of such regulations.

(e) REQUIREMENTS FOR FINANCIAL INSTITUTIONS MAINTAINING ACCOUNTS FOR FOREIGN FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall prescribe regulations to require a domestic financial institution maintaining a correspondent account or payable-through account in the United States for a foreign financial institution to do one or more of the following:

(A) Perform an audit of activities described in subsection (c)(2) that may be carried out by the foreign financial institution.

(B) Report to the Department of the Treasury with respect to transactions or other financial services provided with respect to any such activity.

(C) Certify, to the best of the knowledge of the domestic financial institution, that the foreign financial institution is not knowingly engaging in any such activity.

(D) Establish due diligence policies, procedures, and controls, such as the due diligence policies, procedures, and controls described in section 5318(i) of title 31, United States Code, reasonably designed to detect whether the

Secretary of the Treasury has found the foreign financial institution to knowingly engage in any such activity.

(2) PENALTIES.—The penalties provided for in sections 5321(a) and 5322 of title 31, United States Code, shall apply to a person that violates a regulation prescribed under paragraph (1) of this subsection, in the same manner and to the same extent as such penalties would apply to any person that is otherwise subject to such section 5321(a) or 5322.

(f) WAIVER.—The Secretary of the Treasury may waive the application of a prohibition or condition imposed with respect to a foreign financial institution pursuant to subsection (c) or the imposition of a penalty under subsection (d) with respect to a domestic financial institution on and after the date that is 30 days after the Secretary—

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

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

(g) PROCEDURES FOR JUDICIAL REVIEW OF CLASSIFIED INFORMATION.—

(1) IN GENERAL.—If a finding under subsection (c)(1), a prohibition, condition, or penalty imposed as a result of any such finding, or a penalty imposed under subsection (d), is based on classified information (as defined in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.)) and a court reviews the finding or the imposition of the prohibition, condition, or penalty, the Secretary of the Treasury may submit such information to the court ex parte and in camera.

(2) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to confer or imply any right to judicial review of any finding under subsection (c)(1), any prohibition, condition, or penalty imposed as a result of any such finding, or any penalty imposed under subsection (d).

(h) CONSULTATIONS IN IMPLEMENTATION OF REGULATIONS.—In implementing this section and the regulations prescribed under this section, the Secretary of the Treasury—

(1) shall consult with the Secretary of State; and

(2) may, in the sole discretion of the Secretary of the Treasury, consult with such other agencies and departments and such other interested parties as the Secretary considers appropriate.

(i) DEFINITIONS.—

(1) IN GENERAL.—In this section:

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

(B) AGENT.—The term "agent" includes an entity established by a person for purposes of conducting transactions on behalf of the person in order to conceal the identity of the person.

(C) FINANCIAL INSTITUTION.—The term "financial institution" means a financial institution specified in subparagraph (A), (B), (C), (D), (E), (F), (G), (H), (I), (J), (M), or (Y) of section 5312(a)(2) of title 31, United States Code.

(D) FOREIGN FINANCIAL INSTITUTION; DOMESTIC FINANCIAL INSTITUTION.—The terms "foreign financial institution" and "domestic financial institution" shall have the meanings of those terms as determined by the Secretary of the Treasury.

(E) MONEY LAUNDERING.—The term "money laundering" means the movement of illicit cash or cash equivalent proceeds into, out of, or through a country, or into, out of, or through a financial institution.

(2) OTHER DEFINITIONS.—The Secretary of the Treasury may further define the terms used in this section in the regulations prescribed under this section.

SEC. 105. IMPOSITION OF SANCTIONS ON CERTAIN PERSONS WHO ARE RESPONSIBLE FOR OR COMPLICIT IN HUMAN RIGHTS ABUSES COMMITTED AGAINST CITIZENS OF IRAN OR THEIR FAMILY MEMBERS AFTER THE JUNE 12, 2009, ELECTIONS IN IRAN.

(a) IN GENERAL.—The President shall impose sanctions described in subsection (c) with respect to each person on the list required by subsection (b).

(b) LIST OF PERSONS WHO ARE RESPONSIBLE FOR OR COMPLICIT IN CERTAIN HUMAN RIGHTS ABUSES.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a list of persons who are officials of the Government of Iran or persons acting on behalf of that Government (including members of paramilitary organizations such as Ansar-e-Hezbollah and Basij-e Mostaz'afin), that the President determines, based on credible evidence, are responsible for or complicit in, or responsible for ordering, controlling, or otherwise directing, the commission of serious human rights abuses against citizens of Iran or their family members on or after June 12, 2009, regardless of whether such abuses occurred in Iran.

(2) UPDATES OF LIST.—The President shall submit to the appropriate congressional committees an updated list under paragraph (1)—

(A) not later than 270 days after the date of the enactment of this Act and every 180 days thereafter; and

(B) as new information becomes available.

(3) FORM OF REPORT; PUBLIC AVAILABILITY.—

(A) FORM.—The list required by paragraph (1) shall be submitted in unclassified form but may contain a classified annex.

(B) PUBLIC AVAILABILITY.—The unclassified portion of the list required by paragraph (1) shall be made available to the public and posted on the websites of the Department of the Treasury and the Department of State.

(4) CONSIDERATION OF DATA FROM OTHER COUNTRIES AND NONGOVERNMENTAL ORGANIZATIONS.—In preparing the list required by paragraph (1), the President shall consider credible data already obtained by other countries and nongovernmental organizations, including organizations in Iran, that monitor the human rights abuses of the Government of Iran.

(c) SANCTIONS DESCRIBED.—The sanctions described in this subsection are ineligibility for a visa to enter the United States and

sanctions pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), including blocking of property and restrictions or prohibitions on financial transactions and the exportation and importation of property, subject to such regulations as the President may prescribe, including regulatory exceptions to permit the United States to comply with the Agreement between the United Nations and the United States of America regarding the Headquarters of the United Nations, signed June 26, 1947, and entered into force November 21, 1947, and other applicable international obligations.

(d) TERMINATION OF SANCTIONS.—The provisions of this section shall terminate on the date on which the President determines and certifies to the appropriate congressional committees that the Government of Iran has—

(1) unconditionally released all political prisoners, including the citizens of Iran detained in the aftermath of the June 12, 2009, presidential election in Iran;

(2) ceased its practices of violence, unlawful detention, torture, and abuse of citizens of Iran while engaging in peaceful political activity;

(3) conducted a transparent investigation into the killings, arrests, and abuse of peaceful political activists that occurred in the aftermath of the June 12, 2009, presidential election in Iran and prosecuted the individuals responsible for such killings, arrests, and abuse; and

(4) made public commitments to, and is making demonstrable progress toward—

(A) establishing an independent judiciary; and

(B) respecting the human rights and basic freedoms recognized in the Universal Declaration of Human Rights.

SEC. 106. PROHIBITION ON PROCUREMENT CONTRACTS WITH PERSONS THAT EXPORT SENSITIVE TECHNOLOGY TO IRAN.

(a) IN GENERAL.—Except as provided in subsection (b), and pursuant to such regulations as the President may prescribe, the head of an executive agency may not enter into or renew a contract, on or after the date that is 90 days after the date of the enactment of this Act, for the procurement of goods or services with a person that exports sensitive technology to Iran.

(b) AUTHORIZATION TO EXEMPT CERTAIN PRODUCTS.—The President is authorized to exempt from the prohibition under subsection (a) only eligible products, as defined in section 308(4) of the Trade Agreements Act of 1979 (19 U.S.C. 2518(4)), of any foreign country or instrumentality designated under section 301(b) of that Act (19 U.S.C. 2511(b)).

(c) SENSITIVE TECHNOLOGY DEFINED.—

(1) IN GENERAL.—The term "sensitive technology" means hardware, software, telecommunications equipment, or any other technology, that the President determines is to be used specifically—

(A) to restrict the free flow of unbiased information in Iran; or

(B) to disrupt, monitor, or otherwise restrict speech of the people of Iran.

(2) EXCEPTION.—The term "sensitive technology" does not include information or informational materials the exportation of which the President does not have the authority to regulate

or prohibit pursuant to section 203(b)(3) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)(3)).

(d) GOVERNMENT ACCOUNTABILITY OFFICE REPORT ON EFFECT OF PROCUREMENT PROHIBITION.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the appropriate congressional committees, the Committee on Armed Services of the Senate, and the Committee on Armed Services of the House of Representatives, a report assessing the extent to which executive agencies would have entered into or renewed contracts for the procurement of goods or services with persons that export sensitive technology to Iran if the prohibition under subsection (a) were not in effect.

SEC. 107. HARMONIZATION OF CRIMINAL PENALTIES FOR VIOLATIONS OF SANCTIONS.

(a) IN GENERAL.—

(1) VIOLATIONS OF UNITED NATIONS SECURITY COUNCIL RESOLUTIONS IMPOSING SANCTIONS.—Section 5(b) of the United Nations Participation Act of 1945 (22 U.S.C. 287c(b)) is amended—

(A) by striking "find not more than $10,000" and inserting "fined not more than $1,000,000"; and

(B) by striking "ten years" and all that follows and inserting "20 years, or both.".

(2) VIOLATIONS OF CONTROLS ON EXPORTS AND IMPORTS OF DEFENSE ARTICLES AND DEFENSE SERVICES.—Section 38(c) of the Arms Export Control Act (22 U.S.C. 2778(c)) is amended by striking "ten years" and inserting "20 years".

(3) VIOLATIONS OF PROHIBITION ON TRANSACTIONS WITH COUNTRIES THAT SUPPORT ACTS OF INTERNATIONAL TERRORISM.—Section 40(j) of the Arms Export Control Act (22 U.S.C. 2780(j)) is amended by striking "10 years" and inserting "20 years".

(4) VIOLATIONS OF THE TRADING WITH THE ENEMY ACT.—Section 16(a) of the Trading with the enemy Act (50 U.S.C. App. 16(a)) is amended by striking "if a natural person" and all that follows and inserting "if a natural person, be imprisoned for not more than 20 years, or both.".

(b) STUDY BY UNITED STATES SENTENCING COMMISSION.—Not later than 1 year after the date of the enactment of this Act, the United States Sentencing Commission, pursuant to the authority under sections 994 and 995 of title 28, United States Code, and the responsibility of the United States Sentencing Commission to advise Congress on sentencing policy under section 995(a)(20) of title 28, United States Code, shall study and submit to Congress a report on the impact and advisability of imposing a mandatory minimum sentence for violations of—

(1) section 5(a) of the United Nations Participation Act of 1945 (22 U.S.C. 287c(a));

(2) sections 38, 39, and 40 of the Arms Export Control Act (22 U.S.C. 2778, 2779, and 2780); and

(3) the Trading with the enemy Act (50 U.S.C. App. 1 et seq.).

SEC. 108. AUTHORITY TO IMPLEMENT UNITED NATIONS SECURITY COUNCIL RESOLUTIONS IMPOSING SANCTIONS WITH RESPECT TO IRAN.

In addition to any other authority of the President with respect to implementing resolutions of the United Nations Security Council,

the President may prescribe such regulations as may be necessary to implement a resolution that is agreed to by the United Nations Security Council and imposes sanctions with respect to Iran.

SEC. 109. INCREASED CAPACITY FOR EFFORTS TO COMBAT UNLAWFUL OR TERRORIST FINANCING.

(a) FINDINGS.—Congress finds the following:

(1) 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.

(2) The Secretary of the Treasury has designated, including most recently on June 16, 2010, various Iranian individuals and banking, military, energy, and shipping entities as proliferators of weapons of mass destruction pursuant to Executive Order 13382 (50 U.S.C. 1701 note), thereby blocking transactions subject to the jurisdiction of the United States by those individuals and entities and their supporters.

(3) The Secretary of the Treasury has also identified an array of entities in the insurance, petroleum, and petrochemicals industries that the Secretary has determined to be owned or controlled by the Government of Iran and added those entities to the list contained in Appendix A to part 560 of title 31, Code of Federal Regulations (commonly known as the "Iranian Transactions Regulations"), thereby prohibiting transactions between United States persons and those entities.

(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) $102,613,000 for fiscal year 2011; and

(2) such sums as may be necessary for each of the fiscal years 2012 and 2013.

(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 "$100,419,000 for fiscal year 2011 and such sums as may be necessary for each of the fiscal years 2012 and 2013".

(d) AUTHORIZATION OF APPROPRIATIONS FOR BUREAU OF INDUSTRY AND SECURITY OF THE DEPARTMENT OF COMMERCE.—There are authorized to be appropriated to the Secretary of Commerce for the Bureau of Industry and Security of the Department of Commerce—

(1) $113,000,000 for fiscal year 2011; and

(2) such sums as may be necessary for each of the fiscal years 2012 and 2013.

SEC. 110. REPORTS ON INVESTMENTS IN THE ENERGY SECTOR OF IRAN.

(a) INITIAL REPORT.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report—

(A) on investments in the energy sector of Iran that were made during the period described in paragraph (2); and

(B) that contains—

(i) an estimate of the volume of energy-related resources (other than refined petroleum), including ethanol, that Iran imported during the period described in paragraph (2); and

(ii) a list of all significant known energy-related joint ventures, investments, and partnerships located outside Iran that involve Iranian entities in partnership with entities from other countries, including an identification of the entities from other countries; and

(iii) an estimate of—

(I) the total value of each such joint venture, investment, and partnership; and

(II) the percentage of each such joint venture, investment, and partnership owned by an Iranian entity.

(2) PERIOD DESCRIBED.—The period described in this paragraph is the period beginning on January 1, 2006, and ending on the date that is 60 days after the date of the enactment of this Act.

(b) UPDATED REPORTS.—Not later than 180 days after submitting the report required by subsection (a), and every 180 days thereafter, the President shall submit to the appropriate congressional committees a report containing the matters required in the report under subsection (a)(1) for the 180-day period beginning on the date that is 30 days before the date on which the preceding report was required to be submitted by this section.

SEC. 111. REPORTS ON CERTAIN ACTIVITIES OF FOREIGN EXPORT CREDIT AGENCIES AND OF THE EXPORT-IMPORT BANK OF THE UNITED STATES.

(a) REPORT ON CERTAIN ACTIVITIES OF EXPORT CREDIT AGENCIES OF FOREIGN COUNTRIES.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report on any activity of an export credit agency of a foreign country that is an activity comparable to an activity described in subsection (a) or (b) of section 5 of the Iran Sanctions Act of 1996, as amended by section 102 of this Act.

(2) UPDATES.—The President shall update the report required by paragraph (1) as new information becomes available with respect to the activities of export credit agencies of foreign countries.

(b) REPORT ON CERTAIN FINANCING BY THE EXPORT-IMPORT BANK OF THE UNITED STATES.—Not later than 30 days (or, in extraordinary circumstances, not later than 15 days) before the Export-Import Bank of the United States approves cofinancing (including loans, guarantees, other credits, insurance, and reinsurance) in which an export credit agency of a foreign country identified in the report required by subsection (a) will participate, the President shall submit to the appropriate congressional committees a report identifying—

(1) the export credit agency of the foreign country; and

(2) the beneficiaries of the financing.

SEC. 112. SENSE OF CONGRESS REGARDING IRAN'S REVOLUTIONARY GUARD CORPS AND ITS AFFILIATES.

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

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

(2) identify, as soon as possible—

(A) any foreign individual or entity that is an agent, alias, front, instrumentality, official, or affiliate of Iran's Revolutionary Guard Corps;

(B) any individual or entity that—

(i) has provided material support to any individual or entity described in subparagraph (A); or

(ii) has conducted any financial or commercial transaction with any such individual or entity; and

(C) any foreign government that—

(i) provides material support to any such individual or entity; or

(ii) conducts any commercial transaction or financial transaction with any such individual or entity; and

(3) immediately impose sanctions, including travel restrictions, sanctions authorized pursuant to this Act or the Iran Sanctions Act of 1996, as amended by section 102 of 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 the individuals, entities, and governments described in paragraph (2).

SEC. 113. SENSE OF CONGRESS REGARDING 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, affiliates and supporters of Hezbollah designated for the imposition of sanctions under that Act, 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

(4) renew international efforts to disarm Hezbollah and disband its militias in Lebanon, as called for by United Nations Security Council Resolutions 1559 (2004) and 1701 (2006).

SEC. 114. SENSE OF CONGRESS REGARDING THE IMPOSITION OF MULTILATERAL SANCTIONS WITH RESPECT TO IRAN.

It is the sense of Congress that—

(1) in general, effective multilateral sanctions are preferable to unilateral sanctions in order to achieve desired results from countries such as Iran; and

(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.

SEC. 115. REPORT ON PROVIDING COMPENSATION FOR VICTIMS OF INTERNATIONAL TERRORISM.

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 on equitable methods for providing compensation on a comprehensive basis to victims of acts of international terrorism who are citizens or residents of the United States or nationals of the United States (as defined in section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)).

TITLE II—DIVESTMENT FROM CERTAIN COMPANIES THAT INVEST IN IRAN

SEC. 201. DEFINITIONS.

In this title:

(1) ENERGY SECTOR OF IRAN.—The term "energy sector of Iran" refers to activities to develop petroleum or natural gas resources or nuclear power in Iran.

(2) FINANCIAL INSTITUTION.—The term "financial institution" has the meaning given that term in section 14 of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note).

(3) IRAN.—The term "Iran" includes the Government of Iran and any agency 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 entity, or subsidiary of, or any entity under common ownership or control with, 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 Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the United States Virgin Islands, and any other territory or possession of the United States.

(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 of a State or locality; 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 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 Iran 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 (c).

(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 of 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 for investment in the energy sector of 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) or (i) is not preempted by any Federal law or regulation.

(g) DEFINITIONS.—In this section:

(1) 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.).

(2) INVESTMENT.—The "investment" includes—

(A) a commitment or contribution of funds or property;

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

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

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2) or subsection (i), 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.—Except as provided in subsection (i), 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.

(i) AUTHORIZATION FOR PRIOR ENACTED MEASURES.—

(1) IN GENERAL.—Notwithstanding any other provision of this section or any other provision of law, a State or local government may enforce a measure (without regard to the requirements of subsection (d), except as provided in paragraph (2)) adopted by the State or local government before the date of the enactment of this Act that provides for the divestment of assets of the State or local government from, or prohibits the 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 (determined without regard to subsection (c)) or other business activities in Iran that are identified in the measure.

(2) APPLICATION OF NOTICE REQUIREMENTS.—A measure described in paragraph (1) shall be subject to the requirements of paragraphs (1) and (2) and the first sentence of paragraph (3) of subsection (d) on and after the date that is 2 years 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 Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010.".

(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 company that divests itself of securities in accordance with section 13(c) of the Investment Company Act of 1940 to include divestments of securities in accordance with paragraph (1)(B) of such section, as added by subsection (a) of this section.

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

It is the sense of Congress that a fiduciary of an employee benefit plan, as defined in section 3(3) of the Employee 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 determines engages in investment activities in Iran described in section 202(c) of this Act, without breaching the responsibilities, obligations, or duties imposed upon the fiduciary by subparagraph (A) or (B) of section 404(a)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)(1)), if—

(1) the fiduciary makes such determination using credible information that is available to the public; and

(2) the fiduciary prudently determines that the result of such divestment or avoidance of investment would not be expected to provide the employee benefit plan with—

(A) a lower rate of return than alternative investments with commensurate degrees of risk; or

(B) a higher degree of risk than alternative investments with commensurate rates of return.

SEC. 205. TECHNICAL CORRECTIONS TO SUDAN ACCOUNTABILITY AND DIVESTMENT ACT OF 2007.

(a) ERISA PLAN INVESTMENTS.—Section 5 of the Sudan Accountability and Divestment Act of 2007 (Public Law 110–174; 50 U.S.C. 1701 note) is amended—

(1) by striking "section 404 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104)" and inserting "subparagraph (A) or (B) of section 404(a)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)(1))"; and

(2) by striking paragraph (2) and inserting the following:

"(2) the fiduciary prudently determines that the result of such divestment or avoidance of investment would not be expected to provide the employee benefit plan with—

"(A) a lower rate of return than alternative investments with commensurate degrees of risk; or

"(B) a higher degree of risk than alternative investments with commensurate rates of return.".

(b) SAFE HARBOR FOR CHANGES OF INVESTMENT POLICIES BY ASSET MANAGERS.—

(1) IN GENERAL.—Section 13(c)(2)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a–13(c)(2)(A)) is amended to read as follows:

"(A) RULE OF CONSTRUCTION.—Nothing in paragraph (1) shall be construed to create, imply, diminish, change, or affect in any way whether or not a private right of action exists under subsection (a) or any other provision of this Act.".

(2) APPLICABILITY.—The amendment made by paragraph (1) shall apply as if included in the Sudan Accountability and Divestment Act of 2007 (Public Law 110–174; 50 U.S.C. 1701 note).

TITLE III—PREVENTION OF DIVERSION OF CERTAIN GOODS, SERVICES, AND TECHNOLOGIES TO IRAN

SEC. 301. DEFINITIONS.

In this title:

(1) ALLOW.—The term "allow", with respect to the diversion through a country of goods, services, or technologies, means the government of the country knows or has reason to know that the territory of the country is being used for such diversion.

(2) 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 Foreign Affairs and the Permanent Select Committee on Intelligence of the House of Representatives.

(3) COMMERCE CONTROL LIST.—The term "Commerce Control List" means the list maintained pursuant to part 774 of the Export Administration Regulations (or any corresponding similar regulation or ruling).

(4) DIVERT; DIVERSION.—The terms "divert" and "diversion" refer to the transfer or release, directly or indirectly, of a good, service, or technology to an end-user or an intermediary that is not an authorized recipient of the good, service, or technology.

(5) END-USER.—The term "end-user", with respect to a good, service, or technology, means the person that receives and ultimately uses the good, service, or technology.

(6) EXPORT ADMINISTRATION REGULATIONS.—The term "Export Administration Regulations" means subchapter C of chapter VII of title 15, Code of Federal Regulations (or any corresponding similar regulation or ruling).

(7) GOVERNMENT.—The term "government" includes any agency or instrumentality of a government.

(8) INTERMEDIARY.—The term "intermediary" means a person that receives a good, service, or technology while the good, service, or technology is in transit to the end-user of the good, service, or technology.

(9) INTERNATIONAL TRAFFIC IN ARMS REGULATIONS.—The term "International Traffic in Arms Regulations" means subchapter M of chapter I of title 22, Code of Federal Regulations (or any corresponding similar regulation or ruling).

(10) IRAN.—The term "Iran" includes the Government of Iran and any agency or instrumentality of Iran.

(11) IRANIAN END-USER.—The term "Iranian end-user" means an end-user that is the Government of Iran or a person in, or an agency or instrumentality of, Iran.

(12) IRANIAN INTERMEDIARY.—The term "Iranian intermediary" means an intermediary that is the Government of Iran or a person in, or an agency or instrumentality of, Iran.

(13) 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)).

(14) UNITED STATES MUNITIONS LIST.—The term "United States Munitions List" means the list maintained pursuant to part 121 of the International Traffic in Arms Regulations (or any corresponding similar regulation or ruling).

SEC. 302. IDENTIFICATION OF COUNTRIES OF CONCERN WITH RESPECT TO THE DIVERSION OF CERTAIN GOODS, SERVICES, AND TECHNOLOGIES TO OR THROUGH IRAN.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Director of National Intelligence shall submit to the President, the Secretary of Defense, the Secretary of Commerce, the Secretary of State, the Secretary of the Treasury, and the appropriate congressional committees a report that identifies each country the government of which the Director believes, based on all information available to the Director, is allowing the diversion through the country of goods, services, or technologies described in subsection (b) to Iranian end-users or Iranian intermediaries.

(b) GOODS, SERVICES, AND TECHNOLOGIES DESCRIBED.—Goods, services, or technologies described in this subsection are goods, services, or technologies—

(1) that—

(A) originated in the United States;

(B) would make a material contribution to Iran's—

(i) development of nuclear, chemical, or biological weapons;

(ii) ballistic missile or advanced conventional weapons capabilities; or

(iii) support for international terrorism; and

(C) are—

(i) items on the Commerce Control List or services related to those items; or

(ii) defense articles or defense services on the United States Munitions List; or

(2) that are prohibited for export to Iran under a resolution of the United Nations Security Council.

(c) UPDATES.—The Director of National Intelligence shall update the report required by subsection (a)—

(1) as new information becomes available; and

(2) not less frequently than annually.

(d) FORM.—The report required by subsection (a) and the updates required by subsection (c) may be submitted in classified form.

SEC. 303. DESTINATIONS OF DIVERSION CONCERN.

(a) DESIGNATION.—

(1) IN GENERAL.—The President shall designate a country as a Destination of Diversion Concern if the President determines that the government of the country allows substantial diversion of goods, services, or technologies described in section 302(b) through the country to Iranian end-users or Iranian intermediaries.

(2) DETERMINATION OF SUBSTANTIAL.—For purposes of paragraph (1), the President shall determine whether the government of a country allows substantial diversion of goods, services, or technologies described in section 302(b) through the country to Iranian end-users or Iranian intermediaries based on criteria that include—

(A) the volume of such goods, services, and technologies that are diverted through the country to such end-users or intermediaries;

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

(C) the unwillingness or demonstrated inability of the government of the country to control the diversion of such goods, services, and technologies to such end-users or intermediaries; and

(D) the unwillingness or inability of the government of the country to cooperate with the United States in efforts to interdict the diversion of such goods, services, or technologies to such end-users or intermediaries.

(b) REPORT ON DESIGNATION.—Upon designating a country as a Destination of Diversion Concern under subsection (a), the President shall submit to the appropriate congressional committees a report—

(1) notifying those committees of the designation of the country; and

(2) containing a list of the goods, services, and technologies described in section 302(b) that the President determines are diverted through the country to Iranian end-users or Iranian intermediaries.

(c) LICENSING REQUIREMENT.—Not later than 45 days after submitting a report required by subsection (b) with respect to a country designated as a Destination of Diversion Concern under subsection (a), the President shall require a license under the Export Administration Regulations or the International Traffic in Arms Regulations (whichever is applicable) to export to that country

a good, service, or technology on the list required under subsection (b)(2), with the presumption that any application for such a license will be denied.

(d) DELAY OF IMPOSITION OF LICENSING REQUIREMENT.—

(1) IN GENERAL.—The President may delay the imposition of the licensing requirement under subsection (c) with respect to a country designated as a Destination of Diversion Concern under subsection (a) for a 12-month period if the President—

(A) determines that the government of the country is taking steps—

(i) to institute an export control system or strengthen the export control system of the country;

(ii) to interdict the diversion of goods, services, or technologies described in section 302(b) through the country to Iranian end-users or Iranian intermediaries; and

(iii) to comply with and enforce United Nations Security Council Resolutions 1696 (2006), 1737 (2006), 1747 (2007), 1803 (2008), and 1929 (2010), and any other resolution that is agreed to by the Security Council and imposes sanctions with respect to Iran;

(B) determines that it is appropriate to carry out government-to-government activities to strengthen the export control system of the country; and

(C) submits to the appropriate congressional committees a report describing the steps specified in subparagraph (A) being taken by the government of the country.

(2) ADDITIONAL 12-MONTH PERIODS.—The President may delay the imposition of the licensing requirement under subsection (c) with respect to a country designated as a Destination of Diversion Concern under subsection (a) for additional 12-month periods after the 12-month period referred to in paragraph (1) if the President, for each such 12-month period—

(A) makes the determinations described in subparagraphs (A) and (B) of paragraph (1) with respect to the country; and

(B) submits to the appropriate congressional committees an updated version of the report required by subparagraph (C) of paragraph (1).

(3) STRENGTHENING EXPORT CONTROL SYSTEMS.—If the President determines under paragraph (1)(B) that is it appropriate to carry out government-to-government activities to strengthen the export control system of a country designated as a Destination of Diversion Concern under subsection (a), the United States shall initiate government-to-government activities that may include—

(A) cooperation by agencies and departments of the United States with counterpart agencies and departments in the country—

(i) to develop or strengthen the export control system of the country;

(ii) to strengthen cooperation among agencies of the country and with the United States and facilitate enforcement of the export control system of the country; and

(iii) to promote information and data exchanges among agencies of the country and with the United States;

(B) training officials of the country to strengthen the export control systems of the country—

(i) to facilitate legitimate trade in goods, services, and technologies; and

(ii) to 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 articles; and

(C) encouraging the government of the country to participate in the Proliferation Security Initiative, such as by entering into a ship boarding agreement pursuant to the Initiative.

(e) TERMINATION OF DESIGNATION.—The designation of a country as a Destination of Diversion Concern under subsection (a) shall terminate on the date on which the President determines, and certifies to the appropriate congressional committees, that the country has adequately strengthened the export control system of the country to prevent the diversion of goods, services, and technologies described in section 302(b) to Iranian end-users or Iranian intermediaries.

(f) FORM OF REPORTS.—A report required by subsection (b) or (d) may be submitted in classified form.

SEC. 304. REPORT ON EXPANDING DIVERSION CONCERN SYSTEM TO ADDRESS THE DIVERSION OF UNITED STATES ORIGIN GOODS, SERVICES, AND TECHNOLOGIES TO CERTAIN COUNTRIES OTHER THAN IRAN.

(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report that—

(1) identifies any country that the President determines is allowing the diversion, in violation of United States law, of items on the Commerce Control List or services related to those items, or defense articles or defense services on the United States Munitions List, that originated in the United States to another country if such other country—

(A) is seeking to obtain nuclear, biological, or chemical weapons, or ballistic missiles; or

(B) provides support for acts of international terrorism; and

(2) assesses the feasability and advisability of expanding the system established under section 303 for designating countries as Destinations of Diversion Concern to include countries identified under paragraph (1).

(b) FORM.—The report required by subsection (a) may be submitted in classified form.

SEC. 305. ENFORCEMENT AUTHORITY.

The Secretary of Commerce may designate any employee of the Office of Export Enforcement of the Department of Commerce to conduct activities specified in clauses (i), (ii), and (iii) of section 12(a)(3)(B) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(a)(3)(B)) when the employee is carrying out activities to enforce—

(1) the provisions of the Export Administration Act of 1979 (50 U.S.C. App. 2401 et seq.) (as in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.));

(2) the provisions of this title, or any other provision of law relating to export controls, with respect to which the Secretary of Commerce has enforcement responsibility; or

(3) any license, order, or regulation issued under—

(A) the Export Administration Act of 1979 (50 U.S.C. App. 2401 et seq.) (as in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.)); or

(B) a provision of law referred to in paragraph (2).

TITLE IV—GENERAL PROVISIONS

SEC. 401. GENERAL PROVISIONS.

(a) SUNSET.—The provisions of this Act (other than sections 105 and 305 and the amendments made by sections 102, 107, 109, and 205) shall terminate, and section 13(c)(1)(B) of the Investment Company Act of 1940, as added by section 203(a), shall cease to be effective, 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 providing support for acts of international terrorism and no longer satisfies the requirements for designation as a state sponsor of terrorism (as defined in section 301) 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.

(b) PRESIDENTIAL WAIVERS.—

(1) IN GENERAL.—The President may waive the application of sanctions under section 103(b), the requirement to impose or maintain sanctions with respect to a person under section 105(a), the requirement to include a person on the list required by section 105(b), the application of the prohibition under section 106(a), or the imposition of the licensing requirement under section 303(c) with respect to a country designated as a Destination of Diversion Concern under section 303(a), if the President determines that such a waiver is in the national interest of the United States.

(2) REPORTS.—

(A) IN GENERAL.—If the President waives the application of a provision pursuant to paragraph (1), the President shall submit to the appropriate congressional committees a report describing the reasons for the waiver.

(B) SPECIAL RULE FOR REPORT ON WAIVING IMPOSITION OF LICENSING REQUIREMENT UNDER SECTION 303(c).—In any case in which the President waives, pursuant to paragraph

(1), the imposition of the licensing requirement under section 303(c) with respect to a country designated as a Destination of Diversion Concern under section 303(a), the President shall include in the report required by subparagraph (A) of this paragraph an assessment of whether the government of the country is taking the steps described in subparagraph (A) of section 303(d)(1).

(c) AUTHORIZATIONS OF APPROPRIATIONS.—

(1) AUTHORIZATION OF APPROPRIATIONS FOR THE DEPARTMENT OF STATE AND THE DEPARTMENT OF THE TREASURY.—There are authorized to be appropriated to the Secretary of State and to the Secretary of the Treasury such sums as may be necessary to implement the provisions of, and amendments made by, titles I and III of this Act.

(2) AUTHORIZATION OF APPROPRIATIONS FOR THE DEPARTMENT OF COMMERCE.—There are authorized to be appropriated to the Secretary of Commerce such sums as may be necessary to carry out title III.

SEC. 402. DETERMINATION OF BUDGETARY EFFECTS.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go-Act of 2010, shall be determined by reference to the latest statement titled "Budgetary Effects of PAYGO Legislation" for this Act, jointly submitted for printing in the Congressional Record by the Chairmen of the House and Senate Budget Committees, provided that such statement has been submitted prior to the vote on passage in the House acting first on this conference report or amendment between the Houses.

Speaker of the House of Representatives.

Vice President of the United States and President of the Senate.