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Iran Sanction

In light of the evolving situation in the Middle East and the frequent adjustments to Iran-related sanctions imposed by the US, the EU, and the UK, we set out below a summary of the key sanctions developments concerning Iran.

I. US Sanctions

1. General Licenses GL X and GL X1

On 22 June 2026, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) issued General License X (GL X), which temporarily authorised the production, sale, transport and delivery of Iranian-origin crude oil, petroleum products and petrochemical products.

However, this exemption window was abruptly closed on 7 July 2026. On the same day, OFAC issued General License X1 (GL X1), which revoked GL X with immediate effect. GL X1 only permits the wind-down of transactions that were already contracted prior to the revocation, and such wind-down activities must be completed by 17 July 2026. All new transactions are strictly prohibited.

2. Shamkhani Shipping Network Sanctions

On 23 July 2026, OFAC announced a new round of sanctions against the shipping network controlled by Iranian businessman Mohammad Hossein Shamkhani. Singapore-registered Sea Lead Shipping and its subsidiaries were designated as core entities, and more than 50 vessels associated with the network were blocked from U.S. assets and trade. Non-U.S. persons providing assistance to evade sanctions are also exposed to secondary sanctions risks.

3. OFAC 50% Rule

Any entity owned, directly or indirectly, 50% or more by one or more designated persons is automatically treated as a sanctioned entity under OFAC's 50% Rule.

II. EU Sanctions

In January 2026, the EU designated the Islamic Revolutionary Guard Corps (IRGC) as a terrorist organisation.

In June 2026, the EU activated its new "freedom of navigation" sanctions mechanism, targeting threats to navigation in the Strait of Hormuz. For the first time under this mechanism, the EU imposed sanctions on IRGC Navy units and individuals directly linked to incidents in the Strait.

On 24 July 2026, the EU Council imposed restrictive measures on six Iranian individuals, including five judges. As of this decision, EU sanctions against Iran apply to a total of 269 individuals and 53 entities, encompassing asset freezes, travel bans, and prohibitions on the provision of funds or economic resources.

The core legal framework governing EU sanctions against Iran is Council Regulation (EU) 2025/1975, which sets out the following key prohibitions concerning Iranian petroleum and petrochemical products:

- Importation into the EU of Iranian-origin crude oil, petroleum products or petrochemical products is prohibited;
- Purchase of such products originating in or exported from Iran is prohibited;
- Transport of Iranian-origin or Iranian-exported petroleum/petrochemical products is prohibited;
- The provision, directly or indirectly, of financing, financial assistance (including derivatives), and insurance or reinsurance services in connection with the above activities is also prohibited.

III. UK Sanctions

The UK has previously imposed over 550 sanctions designations on Iranian individuals and entities, including the designation of the IRGC in its entirety.

In July 2026, the UK, in coordination with the United States, imposed sanctions on Iranian oil trader Mohammad Hossein Shamkhani and four companies operating in the shipping, petrochemical and financial sectors.

IV. Recommendations

The current sanctions landscape concerning Iran remains highly fluid. While the US, the EU and the UK differ in their approaches and enforcement mechanisms, the overall trend is one of tightening restrictions.

ALCO strongly recommends that:

1. Strictly conduct due diligence check to ensure that no transactions are conducted with sanctioned persons or entities.

2. Be extremely cautious with Iranian oil, petroleum or petrochemical cargoes, particularly with regard to shipping and insurance, which carry significant sanctions risk.

3. Stay updated. Sanctions regulations are frequently changed. Clients are advised to regularly monitor official announcements from OFAC, the EU Council and the UK Office of Financial Sanctions Implementation (OFSI) for the latest developments.