

Iran Snapback Sanctions

Client Alerts

October 13, 2025

By: Rachel K. Alpert, Rob Dalling, Joshua Kell

1. Sanctions as a Foreign Policy Tool

In September 2025, amid increasing geopolitical concern about Iran's nuclear programme, the so-called E3 (the United Kingdom, France, and Germany) reimposed a range of sanctions against Iran, bringing UK and EU sanctions policy towards Iran into closer alignment with that of the US. This client alert sets out some of the implications, both legal and practical, arising from the reimposition of sanctions.

The use of sanctions as a foreign policy tool has long been of central importance in the context of nuclear non-proliferation. The US and European nations have used designations, trade embargos, and other restrictions to limit Iran's capabilities and to increase economic pressure on the country. The severity of measures against Iran has varied in recent years as between the US and European nations. The sanctions recently reimposed by the E3 underscore those countries' decision to increase the degree of economic pressure exerted on Iran.

2. The JCPOA

The Joint Comprehensive Plan of Action (JCPOA), concluded in July 2015 between Iran, the P5+1 (US, UK, France, Russia, China, Germany) and the European Union, aimed to restrain Iran's nuclear programme in exchange for phased sanctions relief. Nuclear-related sanctions imposed by the UN, EU, and US against Iran were relaxed. However, significant US sanctions remained, including those relating to Iran's government, missile programme and its human rights record.

Under the agreement, Iran accepted restrictions on its nuclear activities, in particular with regard to uranium enrichment, and submitted to enhanced monitoring and verification by the International Atomic Energy Agency (IAEA).

Before the JCPOA, Iran had faced extensive UN, EU, and US sanctions. These targeted its nuclear and ballistic missile programmes and also included sectors of its economy, such as oil and gas exports, banking and financial services, shipping, and insurance. Numerous Iranian entities and individuals were designated, and Iran was largely cut off from the international financial system.

The JCPOA relaxed these measures, but incorporated a “snapback” mechanism allowing any participant to re-impose sanctions if Iran was found to be in significant breach of its obligations.

3. Shift in US Policy: Withdrawal from the JCPOA and Reimposition of Sanctions

On 8 May 2018, President Trump announced the termination of the United States’ participation in the JCPOA and initiated a process to reimpose sanctions. The sanctions reimposition process included re-imposing sanctions targeting critical sectors of Iran’s economy, such as its energy, petrochemical, and financial sectors. It also involved the issuance of certain limited sanctions waivers during a wind-down period, followed by subsequent increases in sanctions applicable to Iran.

4. Current US Sanctions on Iran

As set forth in National Security Presidential Memorandum-2 of 4 February 2025, it is the policy of the current Trump administration to enact maximum pressure on Iran. This has included the modification or rescission of remaining sanctions waivers and a significant increase in the designation of key enablers of Iran’s oil exports. These include multiple sanctions actions against China-based refineries that purchase Iranian oil, as well as companies located in India, the UAE, Panama, Turkey, Singapore, and more.

5. Recent UN Snapback Sanctions on Iran

Triggering the Mechanism

On 28 August 2025, the E3 formally notified the UN Security Council that they regarded Iran as being in significant non-performance of its JCPOA commitments. This action triggered a 30-day snapback countdown to reimpose sanctions on Iran. The E3 cited Iran’s expanded uranium enrichment, the loss of continuity of IAEA oversight, non-cooperation with inspectors, and lack of transparency over stockpiles of nuclear material.

Because the snapback provision is designed to operate without a further vote, no Security Council resolution was required to reinstate the UN sanctions. The expiration date to trigger the snapback mechanism was set for 10 years after adoption of the JCPOA, i.e. 18 October 2025. The window for any member to unilaterally reimpose sanctions on Iran was therefore rapidly closing before the E3 began the process.

Attempts to Block

During the 30-day period, some members of the Security Council attempted to adopt a resolution to block or suspend the suspension of sanctions on Iran. A resolution proposed by China and Russia to extend the JCPOA was rejected by the Security Council. This meant that the snapback came into effect in late September.

Some states such as Russia have publicly rejected the legal legitimacy of the snapback move, arguing that the reimposition of sanctions by the E3 is a result of manipulation of UN procedures by the countries responsible.

Sanctions Reinstated

The snapback restored the range of UN Security Council provisions that had been suspended under the JCPOA. The core reimposed restrictions include:

- Arms embargoes on conventional weapons transfers to or from Iran.
- Restrictions on proliferation-sensitive goods, including a ban on exports or supply of items that contribute to enrichment, reprocessing, heavy water, or nuclear weapon delivery systems.
- Restrictions on ballistic missile or delivery systems development associated with nuclear weapons.
- Targeted financial sanctions and designation of individuals or entities linked with nuclear and ballistic programmes. This includes travel bans and freezing the assets of individuals and entities involved in Iran's nuclear or ballistic missile programmes.
- Trade and technical embargoes on goods useful to weaponisation or dual-use nuclear-related fields.

The EU has formally reimposed the relevant EU-level restrictive measures aligned with the renewed UN sanctions.¹ For its part, the UK has reactivated the relevant designations and restrictions consistent with the snapback.² On 1 October 2025, the UK issued a statement on the reimposition of UN Iran sanctions, announcing 121 designations relating to Iranian nuclear and ballistic missile programmes.

The EU and UK designations have targeted entities across several key sectors of Iran. Nuclear and military-affiliated bodies, including the Islamic Revolutionary Guard Corps (IRGC) and the Atomic Energy Organisation of Iran, have again been made subject to sanctions. In the financial sector, major banks have been redesignated, including Bank Sepah, the Central Bank of Iran, Sina Bank, and Bank Melli. These asset freezes prohibit any transfer or dealing with funds belonging to the listed entities.

Key institutions in the maritime and energy sectors have also been targeted, including South Shipping Line Iran, a significant shipping operator, the National Iranian Oil Company (NIOC), and the Ministry of Energy. These designations illustrate that the renewed sanctions on Iran are wide-ranging, impacting many of its key industries.

Following their re-designation, these entities are now subject to extensive restrictions by the UK and EU. Their funds and economic resources are frozen, and no person within EU or UK jurisdiction may make funds or assets available to them. Designated individuals and senior officials face travel bans preventing entry or transit through EU and UK territories. Financial institutions are prohibited from providing banking, insurance, or investment services, and access to international payment systems such as SWIFT is effectively blocked. The restrictions also extend to bans on exports or supply of goods, technologies, or technical assistance that could contribute to nuclear, military, or dual-use capabilities. Together, these measures are intended to isolate Iran's key economic sectors from international finance and technology transfer.

6. UK General Licences

On 29 September 2025, the UK's Office of Financial Sanctions Implementation (OFSI) issued four general licences to permit certain wind-down or limited activities that would otherwise be prohibited by the reinstated sanctions.³

One such licence authorises persons to wind down transactions with Iranian Banks worldwide involving designated persons to which they are counterparties, under certain conditions. In practical terms, this allows UK persons and entities a defined period (in this case until 23:59 on 28 October 2025) to settle outstanding obligations, close existing accounts, or terminate contracts and financial relationships with sanctioned Iranian banks, provided that no new business is initiated. Two of the other general licences provide equivalent permissions for the winding down of transactions involving designated persons through UK-based Iranian Banks and UK-based firms.

The fourth general licence relates to the Shah Deniz Project, a major natural gas field development in the Caspian Sea, located offshore Azerbaijan and operated by BP and other international partners. The project is a key part of the Southern Gas Corridor, which aims to supply gas to the EU. The licence authorises activities necessary for the continued operation of the project, including the provision of goods, services, financing, or other support, provided that no direct payment is made to the Naftiran Intertrade Company (NICO) or any other designated person. NICO is a Swiss-based subsidiary of the National Iranian Oil Company (NIOC) and is a 10% stakeholder in the Shah Deniz Project. As of 30 September 2025, NICO was subject to an asset freeze by the UK. While this general licence allows for continued activities in relation to the project, it specifies that payments due to NICO must be managed so that no funds or economic resources are made directly available to it.

These general licences mitigate some of the legal risk for UK companies caught mid-transaction following the sanctions and allow for a smoother transition. However, there are certain implications to be aware of:

- They do not permit new or expanded trade, investment, or financing that would otherwise breach the reinstated sanctions.

- Entities relying on them must carefully consider whether the activity is eligible under the licence (e.g. winding down).
- Failure to comply with licence conditions could give rise to OFSI enforcement and penalties.
- Third parties (e.g. non-UK counterparties) may not be protected by the UK licence, so counterparties must consider the risk of exposure in their jurisdiction.

The UK's general licences aim to mitigate some of the disruption to businesses or to financial stability. However, they do not completely remove risk, and companies should carefully review their exposure and obligations.

7. Implications for Commercial Actors & the Private Sector

The snapback triggers immediate compliance risks for companies engaged (or planning to engage) with Iran in the sectors affected by the new EU and UK sanctions. It is important that companies assess:

- Contractual exposure, including outstanding contracts and termination clauses in relevant sectors.
- Supply chains and downstream obligations which may now be caught by sanctions.
- Risk to banking and finance, as institutions may be reluctant to deal with Iranian counterparties due to sanctions and reputational risk.
- UK general licences, which are carefully limited in scope, and cross-jurisdictional alignment should be considered.
- Due diligence, ensuring counterparty and other partner screening systems are effective in the context of the new sanctions.

Given the reimposition of sanctions at relatively short notice, many entities may need to wind down positions. Litigation risk may rise, especially over cancelled contracts or lost investment.

Footnotes

[1] Via *Council Decision (CFSP) 2025/1972* of 29 September 2025.

[2] Via the *Iran (Sanctions) (Nuclear) (EU Exit) Regulations 2019*.

[3] Via Regulation 40 of the *Iran (Sanctions) (Nuclear) (EU Exit) Regulations 2019*.

Related Attorneys



Rachel K. Alpert

Partner

ralpert@jenner.com

+1 202 639 3871



Rob Dalling

Partner

rdalling@jenner.com

+44 330 060 5447



Joshua Kell

Associate

jkell@jenner.com

+44 330 060 5472

Related Capabilities

National Security and Crisis

before taking any action with respect to matters mentioned in this publication or at this event. The attorney responsible for this communication is Brent E. Kidwell, Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654-3456. Prior results do not guarantee a similar outcome. Jenner & Block London LLP, an affiliate of Jenner & Block LLP, is a limited liability partnership established under the laws of the State of Delaware, USA and is authorised and regulated by the Solicitors Regulation Authority with SRA number 615729. Information regarding the data we collect and the rights you have over your data can be found in our Privacy Notice. For further inquiries, please contact dataprotection@jenner.com.

Stay Informed

