

The snapback mechanism against Iran – reintroduction of EU sanctions



Trade
Compliance

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On the night of 28 September 2025, the deadline for the so-called “snapback mechanism”, initiated by Germany, France, and the United Kingdom, expired. As a result, the sanctions imposed by the UN Security Council on Iran – which had been suspended since January 2016 – are once again in force. The possibility of reimposing sanctions was legally established under international law as part of the Vienna Agreement on Iran’s nuclear program (Joint Comprehensive Plan of Action, JCPOA) in 2015. This mechanism was included as a safeguard to ensure compliance and was intended to deter violations of the agreement. The EU responded immediately and implemented the UN sanctions into directly applicable EU law through Regulation (EU) 2025/1975 and Implementing Regulations (EU) 2025/1980 and 2025/1982. These measures reintroduced the restrictions that had been removed in January 2016 from the EU’s Iran Sanctions Regulation (EU) No 267/2012. As a result, nearly all sanctions that had previously been lifted against Iran are now back in effect.

The regulation entered into force on 30 September 2025 and applies directly in all EU Member States. Violations may be subject to national criminal or administrative penalties. Enforcement is carried out by the competent authorities of the Member States, which are obliged to monitor compliance and impose penalties in accordance with their respective national legal systems.

1. Sectoral Restrictions

At the core of the Regulation is a comprehensive sectoral ban on the sale, supply, transfer, and export of certain goods – including technologies and software – as well as on the provision of technical assistance and financial assistance related to these items to Iranian persons, entities, and bodies (**‘PEBs’**) or for use in Iran. This prohibition applies regardless of whether the activity takes place within or outside the EU, and whether it is carried out directly or indirectly. The restrictions apply in particular to dual-use items, military equipment, components for uranium enrichment, missile-related technologies, and key technologies and equipment for the oil, gas, and petrochemical sectors. In addition, industrial software, shipbuilding equipment, certain metals, graphite, precious metals, gold, and diamonds are also covered by the ban. At the same time, certain imports of goods originating in Iran or exported from Iran are also prohibited. These include crude oil and petroleum products, natural gas, and petrochemical products.

For contracts concluded before 30 September 2025, as well as for ancillary contracts necessary for the performance of such agreements, grandfathering provisions are in place, allowing execution until 1 January 2026 (some of which require a notification). Restrictions apply in particular where the subject matter of the contract is considered sensitive with respect to potential military or nuclear use.

The Regulation also includes additional exemptions and authorization possibilities, for example for medical, pharmaceutical, or humanitarian purposes. Authorizations must be applied for with the competent national authorities (in Germany, the Federal Office for Economic Affairs and Export Control – BAFA) and reviewed against the provisions of the Regulation. This applies particularly also with regard to services or financing related to listed items.

In addition, far-reaching restrictions on services related to Iranian vessels have been reintroduced into the Regulation.

2. Financial Sanctions

These measures are supplemented by comprehensive financial sanctions. Newly (or once again) added to the sanctions list are entities such as the National Iranian Oil Company (NIOC), the National Iranian Gas Company, the Islamic Republic of Iran Shipping Lines (IRISL), Bank Melli, and the Europäisch-Iranische Handelsbank (EIH). All funds and economic resources of listed Iranian PEBs must be frozen, and it is prohibited to make funds or economic resources available to them, directly or indirectly. The prohibition is comprehensive and extends to any form of financial support or transfer, regardless of the method used. Exceptions are only possible within narrow limits.

3. Restrictions on Money Transfers and Financial Services

Payment flows between EU financial institutions and Iranian banks or other Iranian PEBs are once again subject to extensive restrictions, reflecting the renewed sanctions regime. Depending on the amount, purpose, and parties involved, there are graduated notification and authorization requirements that must be carefully observed. Transfers below EUR 10,000 are generally exempt from authorization and notification requirements. For transactions consisting of multiple partial payments, the total value of the transaction is decisive ensuring that structured payments cannot be used to circumvent the rules. Authorizations (which are issued by the Deutsche Bundesbank in Germany) are deemed granted if not expressly refused within a specific timeframe. Financial institutions are obligated to exercise enhanced due diligence, document transactions, report suspicious activities, and retain records for at least five years.

Further provisions include a prohibition on entering into new business relationships with Iranian financial institutions, such as through opening accounts or forming joint ventures, if these are initiated after the cut-off date of 30 September 2025. In addition, trading in or brokering of government or government-guaranteed bonds involving Iranian participation is prohibited, as is the provision of

insurance or reinsurance services – subject to limited exceptions, for example in the case of pre-existing contracts, mandatory insurance, or non-listed private individuals. These measures collectively aim to ensure that all financial interactions with Iran are fully transparent, closely monitored, and strictly in line with the renewed sanctions framework, leaving no room for unintentional violations and reinforcing the integrity of the EU's financial system.

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