AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1698
OFFERED BY MR. ROYCE OF CALIFORNIA

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Iran Ballistic Missiles and International Sanctions Enforcement Act”.

SEC. 2. SANCTIONS RELATING TO EFFORTS BY THE GOVERNMENT OF IRAN WITH RESPECT TO BALLISTIC MISSILE-RELATED GOODS, SERVICES, AND TECHNOLOGIES.

(a) FINDINGS.—Congress finds the following:


(A) calls upon Iran “not to undertake any activity related to ballistic missiles designed to be capable of delivering nuclear weapons, including launches using such ballistic missile technology”; and

(B) requires member states to “take the necessary measures to prevent, except as decided otherwise by the UN Security Council in
advance on a case-by-case basis, the supply, sale, or transfer of arms or related materiel from Iran”.

(2) The United States maintains bilateral sanctions against Iran for its efforts to manufacture, acquire, possess, develop, transport, transfer or use ballistic missiles or ballistic missile launch technology, and its acquisition of destabilizing types and amounts of conventional weapons.

(3) According to the 2016 Worldwide Threat Assessment, the United States intelligence community judges “that Tehran would choose ballistic missiles as its preferred method of delivering nuclear weapons, if it builds them. Iran’s ballistic missiles are inherently capable of delivering [weapons of mass destruction], and Tehran already has the largest inventory of ballistic missiles in the Middle East. Iran’s progress on space launch vehicles—along with its desire to deter the United States and its allies—provides Tehran with the means and motivation to develop longer-range missiles, including ICBMs.”.

(4) Since the passage of United Nations Security Council 2231, Iran has conducted numerous tests of ballistic missiles designed to be capable of
delivering nuclear weapons, and has acquired destabilizing types of conventional weapons.

(5) Iran has pursued the ability to indigenously produce ballistic missile and cruise missile goods, services, and technologies.

(b) Statement of Policy.—It is the policy of the United States to prevent Iran from undertaking any activity related to ballistic missiles designed to be capable of delivering nuclear weapons, including launches using such ballistic missile technology.

c) Report on Supply Chain of Iran’s Ballistic Missile Program.—

(1) In General.—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 that contains the following:

(A) An analysis of the foreign and domestic supply chain in Iran that directly or indirectly significantly facilitates, supports, or otherwise aids the Government of Iran’s ballistic missile program.

(B) A description of the geographic distribution of the foreign and domestic supply chain described in subparagraph (A).
(C) An assessment of the Government of Iran’s ability to indigenously manufacture or otherwise produce the goods, services, or technology necessary to support its ballistic missile program.

(D) An identification of foreign persons that have, based on credible information, directly or indirectly facilitated or supported the development of the Government of Iran’s ballistic missile program, including the foreign and domestic supply chain described in subparagraph (A).

(2) FORM.—The report required under paragraph (1) shall be submitted in unclassified form, but may contain a classified annex.

(d) SANCTIONABLE ACTIVITIES WITH RESPECT TO WEAPONS OF MASS DESTRUCTION.—Paragraph (1) of section 5(b) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note) is amended—

(1) in the heading, by striking “EXPORTS, TRANSFERS, AND TRANSSHIPMENTS” and inserting “WEAPONS OF MASS DESTRUCTION; BALLISTIC MISSILES; CONVENTIONAL WEAPONS”;

(2) by striking “Except as” and inserting the following:
“(A) WEAPONS OF MASS DESTRUCTION.—

Except as’’;

(3) by striking ‘‘(A) on or after the date of the enactment of the Iran Threat Reduction and Syria Human Rights Act of 2012’’ and inserting the following:

“(i)(I) on or after the date of the enactment of the Iran Ballistic Missiles and International Sanctions Enforcement Act’’;

(4) by striking ‘‘(B) knew’’ and inserting the following:

“(II) knew’’;

(5) by striking ‘‘(i) the export’’ and inserting the following:

“(aa) the export’’;

(6) by striking ‘‘would likely’’ and inserting “may’’;

(7) by striking ‘‘(ii) the export’’ and inserting the following:

“(bb) the export’’;

(8) by striking ‘‘(I) acquire’’ and inserting the following:

“(AA) acquire’’;

(9) by striking ‘‘; or’’ at the end of subparagraph (A)(ii)(II)(bb)(AA) (as so redesignated);
(10) by inserting after subparagraph (A)(ii)(II)(bb)(AA) (as so redesignated) the following:

“(BB) acquire or develop ballistic missiles or ballistic missile launch technologies; or”;

(11) by striking “(II) acquire” and inserting the following:

“(CC) acquire”;

(12) by striking the period at the end of subparagraph (A)(ii)(II)(bb)(CC) (as so redesignated) and inserting “; or”; and

(13) by adding at the end of subparagraph (A) the following:

“(ii) knowingly exports or transfers, or permits or otherwise facilitates the transshipment or re-export of, goods, services, technology, or other items to Iran that materially supports Iran’s efforts to—

“(I) acquire or develop ballistic missiles or ballistic missile launch technologies; or

“(II) acquire or develop destabilizing numbers and types of advanced conventional weapons (as such
term is defined in paragraphs (1) and (2) of section 1608 of the Iran-Iraq Arms Non-Proliferation Act of 1992).

(e) **Sanctionable Activities With Respect to Ballistic Missiles.**—Paragraph (1) of section 5(b) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note), as amended by subsection (e), is further amended by adding at the end the following:

```
“(B) Additional ballistic missile-related goods, services, and technology.—

“(i) Additional authority.—The President shall impose the sanctions described in paragraph (8), (10), or (12) of section 6(a), as the case may be, with respect to—

“(I) an agency or instrumentality of the Government of Iran if the President determines that the agency or instrumentality, on or after the date of the enactment of this subparagraph, knowingly seeks to develop, procure, or acquire goods, services, or technology that materially supports efforts by the Government of Iran
```
with respect to ballistic missile-related goods, services, and technologies as described in clause (iii);

“(II) a foreign person or an agency or instrumentality of a foreign state if the President determines that the person or agency or instrumentality knowingly, on or after the date of the enactment of this paragraph, provides significant material support to the Government of Iran that supports efforts by the Government of Iran with respect to ballistic missile-related goods, services, and technologies as described in clause (iii); and

“(III) a foreign person that the President determines knowingly engages in a significant transaction or transactions with, or provides significant financial services for, a foreign person or an agency or instrumentality of a foreign state described in subclause (I) or (II) with respect to ballistic missile-related goods, services,
and technologies as described in clause (iii).

“(ii) DETERMINATION AND REPORT ON BALLISTIC MISSILE TESTS.—

“(I) IN GENERAL.—Not later than 30 days after the date on which the President determines that the Government of Iran has conducted a test of a ballistic missile that fails to comply with, violates, or is in defiance of United Nations Security Council Resolution 2231 (2015), the President shall submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report that identifies each senior official of the Government of Iran that the President determines is responsible for ordering, controlling, or otherwise directing the missile test

“(II) FORM.—The report required by subclause (I) shall be submitted in unclassified form, but may contain a classified annex.
“(iii) Efforts by the government of Iran with respect to ballistic missile-related goods, services, and technologies described.—

“(I) In general.—For purposes of subclauses (I), (II), and (III) of clause (i), and except as provided in subclause (II) of this clause, efforts by the Government of Iran with respect to ballistic missile-related goods, services, and technologies described in this subsection are efforts by the Government of Iran to manufacture, acquire, possess, develop, transport, transfer, test or use ballistic missiles or associated goods, services, or technology by the Government of Iran, including efforts by the Government of Iran to manufacture, acquire, possess, develop, transport, transfer, purchase—

“(aa) goods, services, or technology listed on the Missile Technology Control Regime Equipment and Technology
Annex of October 8, 2015, and subsequent revisions that have been acquired outside of the Procurement Working Group or not otherwise approved by the United Nations Security Council; or

“(bb) goods, services, or technology not described in the matter preceding item (aa) or item (aa) but which nevertheless the President determines would be, if such goods, services, or technology were United States goods, services, or technology, prohibited for export to Iran because of their potential to materially support the development of ballistic missile systems or ballistic missile launch technologies.

“(II) EXCEPTION.—Subclause (I) shall not apply with respect to efforts by the Government of Iran with respect to ballistic missile-related goods, services, and technologies that have been approved under paragraph 4 of

“(iv) PROCUREMENT WORKING GROUP DEFINED.—In clause (iii)(I), the term ‘procurement working group’ means the Procurement Working Group of the Joint Commission established under Annex IV of the applicable provisions in Annex A of United Nations Security Council Resolution 2231 (2015).”.

(f) SANCTIONABLE ACTIVITIES WITH RESPECT TO CONVENTIONAL WEAPONS.—Paragraph (1) of section 5(b) of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note), as amended by subsections (e) and (f), is further amended by adding at the end the following:

“(C) CONVENTIONAL WEAPONS.—The President shall impose the sanctions described in paragraph (8) or (12) of section 6(a), as the case may be, with respect to a foreign person or an agency or instrumentality of a foreign state if the President determines that the person or agency or instrumentality knowingly, on or after the date of the enactment of this paragraph, imports, exports, or re-exports to, into,
or from Iran, whether directly or indirectly, any
significant arms or related materiel prohibited
under paragraph (5) or (6) of Annex B of
United Nations Security Council Resolution
2231 (2015).”.

(g) EXCEPTION AND DEFINITIONS.—Paragraph (1)
of section 5(b) of the Iran Sanctions Act of 1996 (Public
Law 104–172; 50 U.S.C. 1701 note), as amended by sub-
sections (e), (f), and (g), is further amended by adding
at the end the following:

“(D) EXCEPTION.—The President may not
impose sanctions under subparagraph (B) or
(C) with respect to a foreign person or a United
States person if the President determines that
the person has exercised due diligence in estab-
lishing and enforcing official policies, proce-
dures, and controls to ensure that the person
does not sell, supply, or transfer to or from
Iran materials the sale, supply, or transfer of
which would subject a person to the imposition
of sanctions under subparagraph (B) or (C), as
the case may be, or conduct or facilitate a fi-
nancial transaction for such a sale, supply, or
transfer.
“(E) DEFINITIONS.—In subparagraphs (B) and (C) of this paragraph:

“(i) AGENCY OR INSTRUMENTALITY.—The term ‘agency or instrumentality’ has the meaning given such term in section 1603(b) of title 28, United States Code.

“(ii) FOREIGN STATE.—The term ‘foreign state’ has the meaning given such term in section 1603(a) of title 28, United States Code.

“(iii) GOVERNMENT OF IRAN.—The term ‘Government of Iran’ has the meaning given such term in section 560.304 of title 31, Code of Federal Regulations, as such section was in effect on January 1, 2016.

“(iv) SIGNIFICANT TRANSACTION OR TRANSACTIONS; SIGNIFICANT FINANCIAL SERVICES.—The terms ‘significant transaction or transactions’ and ‘significant financial services’ shall be determined in accordance with section 561.404 of title 31, Code of Federal Regulations, as such sec-
tion 561.404 was in effect on January 1, 2016.”

(h) SANCTIONS DESCRIBED.—Section 6(a) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note) is amended—

(1) by striking paragraph (10) and inserting the following:

“(10) INADMISSIBILITY TO UNITED STATES.—

“(A) IN GENERAL.—The President may direct the Secretary of State to deny a visa to, and the Secretary of Homeland Security to exclude from the United States and, if the individual has been issued a visa or other documentation, revoke, in accordance with section 221(i) of the Immigration and Nationality Act (8 U.S.C. 1201(i)) of the visa or other documentation any alien that—

“(i) is designated pursuant to subparagraph (B) or (C) of section 5(b)(1); or

“(ii) the President determines is a corporate officer or principal of, or a shareholder with a controlling interest in, a sanctioned person.

“(B) EXCEPTION TO COMPLY WITH UNITED NATIONS HEADQUARTERS AGREEMENT—
MENT.—Sanctions under subparagraph (A) shall not apply to an alien if admitting the alien into the United States is necessary to permit the United States to comply with the Agreement regarding the Headquarters of the United Nations, signed at Lake Success June 26, 1947, and entered into force November 21, 1947, between the United Nations and the United States, or other applicable international obligations.”;

(2) by redesignating paragraph (12) as paragraph (13); and

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

“(12) EXPORT SANCTION.—In the case of an agency or instrumentality of a foreign state, no item on the United States Munitions List or Commerce Munitions List may be exported to that foreign state for a period of two years.”.

(i) RULE OF CONSTRUCTION.—The sanctions that are required to be imposed under this section and the amendments made by this section are in addition to other similar or related sanctions that are required to be imposed under any other provision of law.
(j) **IMPLEMENTATION.**—The President may exercise all authorities provided under sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) to carry out any amendments made by this section.

(k) **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) apply with respect to an activity described in subsection (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 ACTIVITIES RELATING TO CERTAIN ACTIVITIES.**—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.
SEC. 3. REPORT ON SANCTIONABLE ACTIVITIES.

(a) In General.—Not later than 180 days after the date of the enactment of this Act, and every 180 days thereafter for a period not to exceed three years, the President shall submit to the appropriate congressional committees a report that contains the following information:

(1) Any credible information regarding Iran’s attempts to develop, procure, or acquire goods, services, or technology with respect to which sanctions may be imposed pursuant to subparagraphs (B) and (C) of section 5(b)(1) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note), as added by section 2 of this Act.


(4) Any approval granted by the United Nations Security Council for the export of significant arms and related material identified under para-

(b) FORM.—The report required by subsection (a) shall be submitted in unclassified form, but may contain a classified annex.

SEC. 4. REGULATORY AUTHORITY.

(a) IN GENERAL.—The President shall, not later than 120 days after the date of the enactment of this Act, promulgate regulations as necessary for the implementation of this Act and the amendments made by this Act.

(b) NOTIFICATION TO CONGRESS.—Not less than 10 days before the promulgation of regulations under subsection (a), the President shall notify the appropriate congressional committees of the proposed regulations and the provisions of this Act and the amendments made by this Act that the regulations are implementing.

SEC. 5. DEFINITIONS.

In this Act:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate.

(2) CREDIBLE INFORMATION.—The term “credible information” has the meaning given such term

(3) GOVERNMENT OF IRAN.—The term “Government of Iran” has the meaning given such term in section 560.304 of title 31, Code of Federal Regulations, as such section was in effect on January 1, 2016.