



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

FAC NO.: 713262

SETTLEMENT AGREEMENT

This Settlement Agreement (the “Agreement”) is made by and between the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) and Commerzbank AG (Commerzbank).

I. PARTIES

1. OFAC administers and enforces economic sanctions against targeted foreign countries, regimes, terrorists, international narcotics traffickers, and persons engaged in activities related to the proliferation of weapons of mass destruction, among others. OFAC acts under Presidential national emergency authorities, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction.
2. Commerzbank is a bank registered and organized under the laws of Germany.

II. FACTUAL STATEMENT

3. Over several years, up to and including January 2010, Commerzbank processed thousands of transactions through U.S. financial institutions that involved countries, entities, or individuals subject to the sanctions programs administered by OFAC. Commerzbank engaged in payment practices that removed, omitted, obscured, or otherwise failed to include references to U.S.-sanctioned persons in Society for Worldwide Interbank Financial Telecommunication (SWIFT) payment messages sent to U.S. financial institutions. As early as 2002, bank employees omitted references to Iranian financial institutions and replaced the originating bank information with Commerzbank’s name. Commerzbank also later created a process to route payments involving Iranian counterparties to a payment queue requiring manual processing by bank employees rather than routine, automated processing. Commerzbank utilized similar or other practices to process U.S. Dollar (USD) transactions involving other sanctioned countries including Sudan, Burma, and Cuba, as well as other persons listed on OFAC’s List of Specially Designated Nationals and Blocked Persons (the “SDN List”).

4. As early as October 2002, Commerzbank’s Financial Institutions unit (FI), which was responsible for determining Commerzbank institutional payment routing procedures, instructed the bank’s Back Office (BO) to manually process certain transactions (specifically, those involving U.S.-sanctioned Iranian banks that were due to be processed through the United States) in a manner that omitted information regarding the involvement of the Iranian banks. Commerzbank’s FI and BO instructed their employees to delete or omit information regarding Iranian banks, and for some transactions employees replaced the SWIFT Business Identifier Code (BIC) of the ordering Iranian bank with Commerzbank’s BIC prior to processing transactions through the United States. In an October 31, 2002 email addressed to BO and Commerzbank’s Middle Management, FI stated “Attached you will find a list of correspondent banks and accounts of [Iranian Bank, Great Britain] for several currencies. Please include them in our routing instructions database except the entry for USD, for which manual processing

remains necessary given the Iranian background.” In the document, an Iranian bank instructed Commerzbank employees to make “no mention of our name in New York” for transactions denominated in USD. Until early 2003, Commerzbank configured its payment system to automatically substitute the BIC of all banks—including Iranian banks—from the originating bank field of all outgoing SWIFT MT103 messages and to replace them with Commerzbank’s BIC.

5. In April 2003, in anticipation of a new German banking law that would require intermediary banks “to include accurate payment originator information” on SWIFT MT103 messages, Commerzbank reconfigured its payment system to include originating banks’ BICs in the originator bank field of outgoing SWIFT MT103 payments. Following the changes to the bank’s payment system, Commerzbank’s FI instructed BO to manually change the name of originating Iranian banks to “Commerzbank” in Field 52 of outgoing SWIFT MT103 payments sent to or through the United States, thereby maintaining the intended outcome of omitting Iranian bank information from SWIFT MT103 payment messages sent to or through U.S. banks. Later, in or around the summer of 2003, and possibly at the request of Iranian banks, Commerzbank, at the suggestion of FI, decided to centralize processing of two Iranian bank customers’ payments with a single BO team in Commerzbank’s Frankfurt office. On July 18, 2003, a BO employee sent an email to the BO team summarizing the decision and relaying guidance on how to handle potential questions from Commerzbank New York:

At the request of [Commerzbank’s FI] responsibility is going to be in Frankfurt and not in Dusseldorf We are also responsible for all inquiries of these banks in all currencies [Back Office] in Hamburg has also been contacted regarding OFAC If for whatever reason [Commerzbank] New York inquires why our turnover has increase [*sic*] so dramatically under no circumstances may anyone mention that there is a connection to the clearing of Iranian banks!!!!!!!!!!!!!!

6. Commerzbank’s BO began working directly with the bank’s Iranian bank clients in order to develop a procedure to manually process outgoing USD payments rather than allow them to enter the automatic processing queue. Commerzbank requested that Iranian banks insert the term “non-ref” in field 52 (the originating bank field) of SWIFT messages destined for or through the United States. The inclusion of this term automatically routed payment orders to a Commerzbank “repair queue” that was ordinarily used to fix errors in outgoing SWIFT messages. Between May 2003 and July 2004, a member of the BO team would search each transaction for references to Iran or Iranian banks and, if the transaction was determined to involve an Iranian bank or other reference to Iran, the BO team member would manually remove the reference to the Iranian bank or replace the Iranian bank’s name or BIC with Commerzbank’s name or BIC prior to processing the transaction.

7. In or around November 2003, both FI and BO submitted conflicting information to Commerzbank’s Senior Management regarding the bank’s procedures for processing outgoing SWIFT MT103 payments for Iranian banks. Commerzbank’s Senior Management requested clarification regarding the processes related to USD payments involving Iranian banks and raised concerns regarding “the suppression of the ordering party” in Iranian-related SWIFT MT103s sent to the United States. However, despite Senior Management’s concerns, Commerzbank

continued replacing references to Iranian banks with its BIC until July 2004, and Senior Management does not appear to have issued any directives or implemented any measures designed to ensure that its order was obeyed. In addition, the information available to OFAC contains no indication that Senior Management sought guidance regarding U.S. sanctions laws or the bank's OFAC compliance obligations until early 2005.

8. Beginning in November 2003, around the same time that various units within Commerzbank were raising concerns with Senior Management regarding the replacement of Iranian banks' BICs in the originator field of SWIFT MT103 transactions processed to or through the United States, members of FI and Middle Management met with two Iranian banks in London. The Iranian banks requested that Commerzbank provide USD check collection services. In December 2003 and January 2004, FI and Middle Management continued the conversation with at least one of the Iranian banks regarding providing such services in a way that would omit the Iranian banks' endorsement on the USD checks. Commerzbank's FI and Middle Management outlined the arrangement in a letter dated January 14, 2004 addressed to the Iranian bank.

[W]e are pleased to inform you that further to a review by our legal department, we would be prepared to process such cheques for you. We understand that for the time being, all cheques will be presented on a collection basis, subject to final payment and not endorsed by yourselves...However, this is subject to the following: For all non-US Banks we kindly request you to endorse the cheques, as this is required by German banking regulations. In view of the difficulties with cheques drawn on US banks, we will process these under the following indemnity clause

9. In late June 2004, a Commerzbank FI employee sent an email to BO regarding Commerzbank New York's rejection of several USD payments involving an Iranian bank. In the email the FI employee described his instructions to use checks instead of wire transfers:

[Individual] from [Iranian Bank] called me today and complained about four rejected payments in the USA . . . which were returned by New York because of OFAC. According to [Individual], the payment orders were formatted as always and did not show any Iranian background. BO cannot explain the rejection because it went through the OFAC filter without a problem . . . I advised the colleague of [Individual] to first execute the payment via check as discussed.

Shortly after this email exchange, Middle Management and FI contacted BO and ordered 500 USD checks for an Iranian bank, but instructed BO to omit the reference to the Iranian bank and instead only list the Iranian bank's account number. A Middle Management employee noted during an interview that "Commerzbank did issue checks to an Iranian bank that were drawn to its loro accounts with Commerzbank. That way the processing of an MT103 could be substituted by the issuance of a check."

10. In 2002, Commerzbank's Hamburg branch began a customer relationship with the Islamic Republic of Iran Shipping Lines (IRISL) and several IRISL subsidiaries. In 2004, after a Commerzbank Hamburg employee visited IRISL's offices in Iran to install electronic banking

software, the bank opened additional accounts in the names of IRISL's single-purpose entities (which were typically named after IRISL vessels), such as Acena and Lancelin. In April 2004, purportedly due to an increased scrutiny by U.S. financial institutions of IRISL-related payments, members of Commerzbank's Corporate Banking Department (CBD) in Hamburg discussed amending the Iranian company's address in outgoing payment messages destined for the United States. For example, in an April 30, 2004 email, a member of Commerzbank's CBD noted:

For our foreign customers it is important that we can offer normal processing of payment transactions, this means that normally no embargo, restrictions apply for these customers in Europe. With respect to third party countries, the situation is different, for instance, payments with an Iran-background can cause funds being blocked in the U.S. For these customers, we can route e.g. cover payments via U.S. banks without any consequences, but we cannot pay amounts directly to U.S. banks Furthermore, the question arises whether the address of our customers can be modified in the customer database so that the address of the German subsidiary [of IRISL] will be submitted in the order, i.e. the foreign address will not end up in the payment order from the customer database.

11. Commerzbank's CBD eventually sent this proposal to a member of the bank's Compliance Department, who responded on June 2, 2004 and warned: "I expressly note that the circumvention of [sanctions] regulations is punishable and exposes our institution to high risk and we therefore cannot tolerate such behavior under any circumstances and will not tolerate it in any manner." Despite the warning from the bank's Compliance Department, Commerzbank's CBD continued to discuss potential payment practices designed to conceal or obfuscate IRISL's interest in transactions the bank initiated to or through the United States. In November 2004, a member of Commerzbank's BO sent an email to a member of CBD regarding payments involving IRISL. The email stated: "We soon face the problem that due to a new OFAC program it will not be possible anymore [*sic*] to correct the address in order. (Until now, we have subsequently deleted the address so that foreign banks would not notice anything.)" In response to this inquiry, multiple members of Commerzbank's CBD developed two potential options:

[Commerzbank can] generally process all Iran payments as repair payments [Such a] procedure would be very expensive for us in processing, but it would protect us against exceptional routing of payments via the U.S. Normally, we pay the cover via MT202; the Americans do not learn about the background of the commercial payment. [Or, we can use] the cover address in Hamburg [Iranian Corporate] c/o [Iran-related Corporate, Germany] [German Address].

12. In January 2005, the same member of Commerzbank's CBD who wrote the above-referenced emails met with IRISL and IRISL Europe GmbH (IRISL Europe) to discuss an increase in the number of rejected payments involving the Iranian companies. In an internal memorandum summarizing the meeting, the bank employee stated:

[IRISL] is looking for a possibility to conduct its payments further without interruption. Since electronic banking was implemented in Tehran we are

receiving many more orders We were looking for a solution with the customer and prepared the following scenario for discussion: Apart from payments that are not problematic for the embargo application, which we will process as usual through the accounts of the [IRISL] companies, there are additional Safe Payment Accounts under the name of a subsidiary. [Iran-related Corporate, Cyprus] a Cyprus subsidiary is considered for the address. Mailing address is [Iran-related Corporate, Germany's] address in Hamburg It was agreed with the customer that the Safe Payments will be processed for a higher price. Commerzbank and [IRISL] agreed to absolute confidentiality with respect to the conduct vis-à-vis third parties.

13. Subsequently, Commerzbank appears to have processed USD transactions to or through the United States that were for or on behalf of IRISL through the accounts of the Iranian company's affiliates and/or subsidiaries. For example, on March 17, 2005, Commerzbank's CBD and Global Shipping Department sent correspondence to IRISL and acknowledged: "The two accounts have been set in place for the purpose of [IRISL] and are accessible for outgoing payments via . . . [the] electronic banking system and also for incoming payments. The account names do not contain any reference to the contents of the US embargo database (OFAC list)." The correspondence also noted that Commerzbank established a mechanism by which all debit and credit balances for these accounts were automatically forwarded to either IRISL's or IRISL Europe's primary account. According to the correspondence, "if payments are credited to the [Iran-related Corporate, Cyprus] safe payment account, the end of day balance will be forwarded to [IRISL] main account The safe payment accounts will always remain at an end of day balance of zero."

14. The bank sought and received legal advice from external U.S. counsel in 2005 regarding USD transactions involving Iranian parties, and received a written opinion dated July 28, 2005. On August 19, 2005, members of Commerzbank's Compliance, Middle Management, and Legal Departments prepared a summary of the July 28, 2005 opinion for Senior Management and noted that "[Commercial payments with Iranian background] . . . are permissible to the extent they are 'U-Turn Transactions.' Although the ordering party and/or recipient of the payment are from Iran, the banks on either side are from third countries and only USD-clearing is done through a U.S. bank." The summary also stated that "Payments that have a background with countries, such as Cuba or Sudan should not be routed through the N.Y. branch – not even as bank to bank payments." The summary contained a handwritten note from a member of Commerzbank's Senior Management that stated "such business must not be done at all."

15. On September 6, 2007, Commerzbank published an internal circular regarding Senior Management's decision to discontinue all new business with Iranian banks and companies effective September 30, 2007. The bank stated, however, that its policy permitted "transactions after September 2007 that were necessary to service old, pre-existing financial obligations" for Iranian corporate clients. While Commerzbank noted in the internal circular that there was confusion regarding which Iranian-related payments were permissible and that it encouraged its employees to contact Senior Management with any questions, personnel within the bank's Hamburg branch took several measures in October 2007 to continue its business relationship with IRISL.

16. According to the bank, it utilized “internal bank country codes” required under German law in order to identify Iran-related payments (Commerzbank noted that the country code entities domiciled in Iran is “616”). In September 2007, Commerzbank categorized IRISL and most, if not all, of IRISL’s subsidiaries and affiliates that were customers of Commerzbank (regardless of the country in which they were incorporated) with the country code 616. Commerzbank stated that in or around this time personnel within its Hamburg branch “changed the country codes for IRISL affiliates that were not incorporated in Iran, with the result that these entities were no longer identified as ‘616’ but instead were identified as the country where they were registered.” Commerzbank’s internal investigation found no evidence demonstrating that any of the involved employees in the Hamburg branch contacted the bank’s head office to inform them or inquire about these measures.

17. Between May and July 2008, the issue of IRISL was raised with Commerzbank’s Senior Management on at least two separate occasions. For example, on May 23, 2008, a member of Commerzbank’s Compliance Department sent an email to a member of Senior Management regarding the issues related to determining which of the bank’s customers were categorized as Iranian companies.

According to [a Compliance] investigation, the customer relationship with Acena Shipping and [IRISL Europe] still exist[s] This is an example of the general problematic [*sic*] when implementing a Board Resolution re Iran. ‘Iranian Customers’ were so far only defined by where their headquarters are. Further criteria, for example property structure and control structure have previously not been considered since a systematical survey of the customer data base is not possible and the participants were not sure whether such a consequence was even intended by the Board.

18. On July 15, 2008, several senior members of Commerzbank, including the Head of Compliance and the Head of Global Sanctions, met with the Director of OFAC in Washington, D.C. to discuss, among other items, Iran and IRISL. A Commerzbank synopsis of the meeting concluded that “[OFAC] appeared taken aback to hear that IRISL remained a Commerzbank customer,” and “. . . there are some undefined concerns about Commerzbank at very senior political levels at the Department of the Treasury . . . in connection with some of Commerzbank’s existing business ties in Iran and Sudan.” Despite Senior Management’s awareness of the risks associated with IRISL and its statement to OFAC that the bank’s “head office is conducting a review of their relationship with IRISL,” Commerzbank continued to process USD payments through U.S. financial institutions on behalf of IRISL and several of its affiliates.

19. On September 10, 2008, OFAC designated IRISL and several of its affiliated companies and added them to OFAC’s SDN List. Although Commerzbank indicated the Hamburg branch ceased processing USD payments for IRISL-related entities designated by OFAC in September 2008, and subsequently reconfigured its payment system to cease processing all Iranian-related payments in November 2008 following the revocation of the U-Turn authorization, the bank continued to operate “safe payment” accounts for non-designated

IRISL-affiliated entities. A majority of the transactions that Commerzbank processed to or through the United States following IRISL's designation involved Adara Shipping Ltd (Adara) or ISI Maritime Limited (ISI). Based on information submitted to OFAC, Commerzbank appears to have operated a "safe account" specifically for Adara's USD payments. For example, on October 9, 2007, an IRISL employee sent an email to another IRISL employee copying three members of Commerzbank's CBD and noted the following: "Kindly note per yesterday's arrangement with [Commerzbank CBD] the following accounts have been allocated for IRISL Tehran . . . FYI the Acena/Lancelin/Adara safe accounts [are] still [valid] . . ."

Commerzbank's Hamburg branch appears to have continued using this practice and the "safe account" in order to process USD payments for or on behalf of Adara following IRISL's designation in September 2008 until November 2008. Separately, ISI, an entity based in Malta that was designated on August 13, 2010 pursuant to Executive Order 13382 of June 28, 2005, "Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters" (E.O. 13382), appears to have been one of the entities for which Commerzbank's Hamburg employees changed the category code in the bank's payment system from 616 (Iran) to a different code. Altogether Commerzbank processed 141 USD transactions through the United States that appear to have been for or on behalf of, or otherwise contained an interest of, an IRISL-sanctioned party between September 16, 2008, and January 8, 2010.

20. By late 2002 and possibly sooner, Commerzbank processed USD transactions to or through the United States that involved Sudanese banks. As early as April 2003, Commerzbank's FI maintained a circular on the bank's intranet regarding U.S. sanctions against Sudan and provided explicit instructions to avoid processing Sudanese-related payments to or through U.S. banks. Despite these instructions and the bank's awareness of U.S. sanctions against Sudan, Commerzbank utilized several payment methods to conceal the identity of Sudanese persons in transactions processed to or through the United States, and sought to acquire additional business from Sudanese customers processing USD transactions. During the course of Commerzbank's investigation, at least one bank employee admitted that the bank utilized "overwriting"—the process of replacing the originating bank's name and/or identification with Commerzbank's BIC—for Sudan. In addition to the process of "overwriting," Commerzbank also utilized cover payments in a manner that obscured the interests of Sudanese persons in USD payments processed to or through the United States. During interviews, Commerzbank employees stated that they were aware that the Sudanese nexus was not revealed in payments sent to the United States in order to avoid transactions being stopped in the U.S. for sanctions. For example, one BO employee noted that in SWIFT MT202 cover payments, "the remitter was never mentioned in the payment order so that an embargo background for a business would not appear in the U.S."

21. Other offices within Commerzbank, including multiple individuals from the Compliance Department, were aware of these practices and, in at least one instance, advised BO to avoid referencing Sudan in a payment sent through a U.S. bank. During an August 19, 2005 email exchange between the Compliance Department and BO regarding USD payments related to Sudan, the Compliance Department instructed that transactions regarding Sudan were approved so long as references to Sudan were not visible to the U.S. The initial email stated: "This [matter] concerns an entity on the SDN list of OFAC. I.e. [*sic*] advising the letter of credit does not pose a problem. However, clearing for possible later payments cannot be routed

through the U.S.” After consulting with a member of the Compliance Department, BO responded by noting that: “Payments are always made under these LCs. After consulting with Compliance this is not a problem because neither [Sudanese bank, Sudan] nor the notify address are mentioned in later payments.” The Compliance Department later approved the transaction provided that the references to Sudan were not included and advised: “As long as the Sudan background or notify address is not visible in payments to the U.S. . . . the [earlier] statement of [the Compliance member] is accurate.”

22. On April 7, 2006, Middle Management instructed FI to exit all USD business and close existing USD accounts for Sudanese banks due to “risk and compliance reasons.” Between April 4, 2006 and April 10, 2006, Middle Management sent a memorandum to BO instructing it to no longer process Sudanese payments with a U.S. territory nexus: “According to a decision by the board, [FI] decided effective immediately to no longer allow any payments in USD from and to Sudan that touch the U.S. in any manner. This also applies to payments for which we simply cover via U.S. banks.” (emphasis in original) The memorandum also noted: “For business policy and legal reasons we cannot process U.S. Dollar payments via our New York branch or another correspondent in the U.S.”

23. Although various members of Commerzbank’s Middle Management and FI stated that the bank did not handle any USD business involving Cuba or Burma, OFAC identified 120 transactions involving these sanctioned countries that Commerzbank processed to or through the United States during the OFAC review period (from September 2005 through December 2007) of Commerzbank’s internal investigation and in apparent violation of OFAC regulations.

24. OFAC also reviewed the payment instructions associated with the apparent violations of the Cuban Assets Control Regulations and determined that Commerzbank utilized cover payments in a manner that obscured the reference to or identity of Cuba or a Cuban person in the payment instructions sent to U.S. financial institutions (similar to the Iran-related conduct described earlier) in an overwhelming majority of the transactions constituting apparent violations.

25. With respect to Burma, one Commerzbank employee stated that “there were no business relationships with Myanmar” and another noted that “all business relationships [with Burma ceased] . . . after the EU embargo.” On September 8, 2006, Commerzbank published an internal policy circular prohibiting the processing of USD-denominated payments involving Burma in the United States. The document read: “Direct or indirect payments with addresses in Myanmar are prohibited, if the payment currency is USD or the payment touches the jurisdiction of the USA in any manner.” Despite the aforementioned policy, Commerzbank processed at least 64 payments through the United States in apparent violation of the Burmese Sanctions Regulations (BSR) (including 31 payments subsequent to the date of the circular). OFAC reviewed the payment instructions associated with the BSR apparent violations and determined that Commerzbank utilized cover payments in a manner that obscured the reference to or identity of Burma or a Burmese person in the payment instructions sent to U.S. financial institutions in all of the funds transfers the bank processed. Other apparent violations involved trade finance-related transactions that included geographical references to Burma and/or Burmese banks on the SDN List (with accompanied funds transfers processed through the United States that did not

include any explicit references to an OFAC-sanctioned country or person).

26. From on or about September 14, 2005 to on or about August 29, 2008, Commerzbank processed 959 electronic funds transfers in the aggregate amount of \$22,033,132.79 to or through financial institutions located in the United States in apparent violation of the prohibition against the exportation or reexportation of services from the United States to Iran, 31 C.F.R. § 560.204.

27. From on or about September 12, 2005 to on or about December 19, 2007, Commerzbank processed 375 electronic funds transfers in the aggregate amount of \$78,289,519.83 to or through financial institutions located in the United States in apparent violation of the prohibition against the exportation or reexportation of services from the United States to Sudan, 31 C.F.R. § 538.205.

28. From on or about April 6, 2006 to on or about January 8, 2010, Commerzbank processed 142 electronic funds transfers in the aggregate amount of \$39,567,720.01 to or through financial institutions located in the United States in apparent violation of the prohibitions against dealing in property or interests in property that come within the United States of any persons designated pursuant to E.O. 13382 or 31 C.F.R. § 544.201.

29. From on or about September 14, 2005 to on or about December 14, 2007, Commerzbank processed 64 electronic funds transfers in the aggregate amount of \$5,110,276.57 to or through financial institutions located in the United States in apparent violation of the prohibition against the exportation or reexportation of services from the United States to Burma, 31 C.F.R. § 537.202.

30. From on or about September 23, 2005 to on or about December 20, 2007, Commerzbank processed 56 electronic funds transfers in the aggregate amount of \$2,283,456.26 to or through financial institutions located in the United States in apparent violation of the prohibition on dealing in property in which Cuba or a Cuban national has an interest, 31 C.F.R. § 515.201.

31. The apparent violations described in paragraphs 26-30, *supra*, were not voluntarily self-disclosed to OFAC within the meaning of OFAC's Economic Sanctions Enforcement Guidelines. *See* 31 C.F.R. part 501, app A.

32. Commerzbank has taken remedial action by increasing the number of employees with sanctions-related expertise, and increasing the staffing levels in all relevant departments including Compliance, Payments Back Office, and Trade Finance and creating an additional level of review in the BO. Commerzbank expanded its online training to include a specific section on sanctions and terrorist financing, and all employees globally complete the training every two years. The training includes additional materials for employees responsible for clearing transactions flagged for sanctions-related issues. In addition, the bank completed on-site training of more than 1,000 employees in Europe and Asia to promote the enhanced due diligence procedure for the trade finance business. Commerzbank also initiated a plan to enhance measures of various aspects of the bank's sanctions program, including risk analysis,

policies and procedures, training and awareness, improved payment filter technology, and controls and management reporting based upon lessons learned internally and from a third-party's evaluation.

33. Commerzbank cooperated with OFAC by conducting an extensive internal investigation and executing a statute of limitations tolling agreement with multiple extensions.

34. OFAC has not issued a penalty notice or Finding of Violation against Commerzbank in the five years preceding the earliest date of the transactions giving rise to the apparent violations.

III. TERMS OF SETTLEMENT

IT IS HEREBY AGREED by OFAC and Commerzbank that:

35. Commerzbank agrees that it has terminated the conduct outlined in paragraphs 3 through 25 above and Commerzbank has established, and agrees to maintain, policies and procedures that prohibit, and are designed to minimize the risk of the recurrence of, similar conduct in the future.

36. Commerzbank agrees to provide OFAC with copies of all submissions to the Board of Governors of the Federal Reserve System (the Board of Governors) in the same form provided to the Board of Governors pursuant to the "Order to Cease and Desist Issued upon Consent Pursuant to the Federal Deposit Insurance Act, as Amended," to Commerzbank on _____, by the Board of Governors (Docket No. 13-019-B-FB1 and 13-019-B-FB2) relating to the OFAC compliance review.

37. Without this Agreement constituting an admission or denial by Commerzbank of any allegation made or implied by OFAC in connection with this matter, and solely for the purpose of settling this matter without a final agency finding that violations have occurred, Commerzbank agrees to a settlement in the amount of \$258,660,796 arising out of Commerzbank's apparent violations of the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Trading With the Enemy Act, 50 U.S.C. App. §§ 1-44, and the Executive orders and the Regulations described in paragraphs 26-30 of this Agreement. Commerzbank's obligation to pay OFAC such settlement amount shall be deemed satisfied by its payment of a greater or equal amount in satisfaction of penalties assessed by U.S. Federal, state, or county officials arising out of the same pattern of conduct.

38. Should OFAC determine, in the reasonable exercise of its discretion, that Commerzbank has willfully and materially breached its obligations under paragraphs 36 or 37 of this Agreement, OFAC shall provide written notice to Commerzbank of the alleged breach and provide Commerzbank with 30 days from the date of Commerzbank's receipt of such notice, or longer as determined by OFAC, to demonstrate that no willful and material breach has occurred or that any breach has been cured. In the event that OFAC determines that a willful and material breach of this Agreement has occurred, OFAC will provide notice to Commerzbank of its determination, and this Agreement shall be null and void, and the statute of limitations applying

to activity occurring on or after September 10, 2005, shall be deemed tolled until a date 180 days following Commerzbank's receipt of notice of OFAC's determination that a breach of the Agreement has occurred.

39. OFAC agrees that, as of the date that Commerzbank satisfies the obligations set forth in paragraphs 36 and 37 above, OFAC will release and forever discharge Commerzbank from any and all civil liability under the legal authorities that OFAC administers, in connection with the apparent violations described in paragraphs 26-30 of this Agreement.

40. Commerzbank waives any claim by or on behalf of Commerzbank, whether asserted or unasserted, against OFAC, the U.S. Department of the Treasury, and/or its officials and employees arising out of the facts giving rise to this Agreement, including but not limited to OFAC's investigation of the apparent violations and any possible legal objection to this Agreement at any future date.

IV. MISCELLANEOUS PROVISIONS

41. Except for the apparent violations described in paragraphs 26 through 30 above, the provisions of this Agreement shall not bar, estop, or otherwise prevent OFAC from taking any other action affecting Commerzbank with respect to any and all matters, including but not limited to any violations or apparent violations occurring after the dates of the conduct described herein. The provisions of this Agreement shall not bar, estop, or otherwise prevent other U.S. Federal, state, or county officials from taking any other action affecting Commerzbank.

42. Each provision of this Agreement shall remain effective and enforceable according to the laws of the United States of America until stayed, modified, terminated, or suspended by OFAC.

43. No amendment to the provisions of this Agreement shall be effective unless executed in writing and agreed to by both OFAC and Commerzbank.

44. The provisions of this Agreement shall be binding on Commerzbank and its successors and assigns. To the extent Commerzbank's compliance with this Agreement requires it, Commerzbank agrees to use best efforts to ensure that all entities within Commerzbank comply with the requirements and obligations set forth in this Agreement, to the full extent permissible under locally applicable laws and regulations, and the instructions of local regulatory agencies.

45. No representations, either oral or written, except those provisions as set forth herein, were made to induce any of the parties to agree to the provisions as set forth herein.

46. This Agreement consists of 12 pages and expresses the complete understanding of OFAC and Commerzbank regarding resolution of the apparent violations arising from or related to the conduct described in paragraphs 26 through 30 above. No other agreements, oral or written, exist between OFAC and Commerzbank regarding resolution of this matter.

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47. OFAC, in its sole discretion, may post on OFAC's Web site this entire Agreement or the facts set forth in paragraphs 3 through 30 of this Agreement, including the identity of any entity involved, the satisfied settlement amount, and a brief description of the apparent violations. OFAC also may in its sole discretion issue a press release including this information, and any other information it deems appropriate.

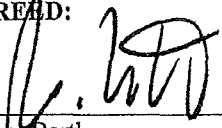
48. Use of facsimile signatures shall not delay the approval and implementation of the terms of this Agreement. In the event any party to this Agreement provides a facsimile signature, the party shall substitute the facsimile with an original signature. The Agreement may be signed in multiple counterparts, which together shall constitute the Agreement. The effective date of the Agreement shall be the latest date of execution.

All communications regarding this Agreement shall be addressed to:


Commerzbank AG
D-60261
Frankfurt am Main
Germany

Attn: Sanctions Compliance & Evaluation
Office of Foreign Assets Control
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220


AGREED:



Volker Barth
Divisional Board Member Compliance
Commerzbank AG



John E. Smith
Acting Director
Office of Foreign Assets Control



Gunter Hügger
General Counsel
Commerzbank AG

DATED: March 11, 2015

DATED: March 11, 2015