
Bank of England Notice

UNITED NATIONS ACT 1946

SERBIA AND MONTENEGRO

8 June 1992

This Notice draws attention in convenient form to certain provisions of the Serbia and Montenegro (United Nations Sanctions) Order 1992 and the Serbia and Montenegro (United Nations Sanctions) (Channel Islands) Order 1992 made under section 1 of the United Nations Act 1946. It grants, on behalf of H M Treasury and pursuant to those Orders, certain permissions; it also provides guidance in relation to applications for permission for other transactions. Any permissions granted in this Notice or otherwise may, at any time, be varied or revoked by, or on behalf of, HM Treasury.

This Notice supersedes the guidance set out in the Bank of England's Press Notice issued on 1 June 1992.

INTRODUCTION

- 1 On 31 May 1992 H M Treasury issued directions under the Emergency Laws (Re-enactments and Repeals) Act 1964 which had the effect of freezing certain Serbian and Montenegrin assets held in the United Kingdom. These directions were superseded by the Orders in Council made on 4 June 1992; any permissions given under Treasury directions remain valid.
- 2 The Orders in Council made under Section 1 of the United Nations Act 1946 are the Serbia and Montenegro (United Nations Sanctions) Order 1992 (Statutory Instrument 1992 No 1302) and the Serbia and Montenegro (United Nations Sanctions) (Channel Islands) Order 1992 (Statutory Instrument 1992 No 1308). These are referred to below as "the Orders"; copies may be obtained from H M Stationery Office. In this Notice, references to the United Kingdom include the Channel Islands and the Isle of Man.
- 3 The Orders provide that:
 - (1) Except with permission granted by or on behalf of the Treasury, no person shall
 - (a) make any payment or part with any gold, securities or investments, or
 - (b) make any change in the persons to whose credit any sum is to stand or to whose order any gold, securities or investments are to be held,where any such action is action to which this article applies.
 - (2) Action to which this article applies is action which is likely to make available to or for the benefit of any person connected with Serbia or Montenegro any funds or other financial or economic resources, whether by their removal from the United Kingdom or otherwise, or otherwise to remit or transfer funds or other such resources to or for the benefit of any person connected with Serbia or Montenegro.
- 4 The Orders apply to any person in the United Kingdom and to any person elsewhere who is a British citizen, British Dependent Territories citizen, British overseas citizen, British subject or British protected person or who is a body incorporated or constituted under the law of any part of the United Kingdom.

Persons connected with Serbia or Montenegro

- 5 For the purposes of the Orders, a person connected with Serbia or Montenegro - in this Notice called a "connected person" - means:
 - (i) the Governments of The Federal Republic of Yugoslavia, of Serbia or of Montenegro;
 - (ii) any other person in, or resident in, Serbia or Montenegro;
 - (iii) any body incorporated or constituted under the law of Serbia or Montenegro;
 - (iv) any body, wherever incorporated or constituted, which is controlled by the Government of Serbia or Montenegro, any other person in, or resident in, Serbia or Montenegro, or any body incorporated in or constituted under the law of Serbia or Montenegro; and
 - (v) any person acting on behalf of any of the above mentioned persons.

Cases of doubt about whether a person, including a corporate body, is a "connected person" should be referred to the Bank of England.

Serbian Accounts

- 6 The sterling, foreign currency and gold bullion accounts of connected persons held in the United Kingdom with institutions authorised under the Banking Act 1987 or the Building Societies Act 1986 ("Banks") should be designated and are referred to below as "Serbian Accounts". Funds held by stockbrokers, solicitors, accountants, etc, on behalf of connected persons should be placed in a separate account which should be designated as a Serbian Account.

Prohibited payments

- 7 Any payment by a person subject to the Orders to or for the benefit of a connected person is prohibited by virtue of the Orders, except with permission. Permission will not normally be given for any such payment to any account held outside the United Kingdom. Permission is hereby given for any such payment whether in sterling or in foreign currency to be made to a Serbian Account provided it is not a payment to which Articles 8 and 9* of the Orders apply. No payment or transfer can be made from one Serbian Account to another Serbian Account without permission, which will not normally be given.

Balances on Serbian Accounts

- 8 Permission will not normally be given for any change to be made in the persons to whose credit any sum held on a Serbian Account is to stand.

**Articles 8 and 9 of the Orders relate to aircraft insurance and to bonds and indemnities. See paragraphs 21 and 22 below in relation to payments in respect of all insurance contracts and under bonds and indemnities.*

Permission for payments from Serbian Accounts

- 9 Permission is hereby given for the payment from Serbian Accounts of -
- (a) charges, including interest, to banks in the United Kingdom;
 - (b) payments to reimburse banks in the United Kingdom who have made payments in respect of trade with Serbia or Montenegro under irrevocable letters of credit provided the letter of credit was opened, and the export of goods took place, before 1 June 1992, and the letter of credit is otherwise in order;
 - (c) sums due to the Inland Revenue and H M Customs and Excise, provided no overdraft is thereby created on a Serbian Account;
 - (d) salary and pension payments to persons living in the United Kingdom.
- 10 The Bank of England will consider applications for permission to debit Serbian Accounts, for example, for the following purposes:-
- (a) payments in respect of goods which have been shipped or otherwise despatched to the United Kingdom. Production of any necessary import licence and evidence of shipment or despatch will be required;
 - (b) other payments of a current nature. Payments of a capital nature will not normally be permitted;
 - (c) payments for charitable or humanitarian purposes.

Credits, loans and overdrafts

- 11 Permission will not normally be given to enable existing or intending lenders who are persons to whom the Orders apply (see paragraph 4 above) to make any further payment by way of credit, loan or overdraft to connected persons - without such permission no further drawings may be made under existing facilities. No new arrangements must be entered into, no bills of exchange drawn by a connected person must be accepted, and no credits, discount or acceptance facilities of any sort must be issued, confirmed or advised for account of, or in favour of, or on behalf of, a connected person.

Maturing bills of exchange

- 12 Permission is hereby given for maturing bills of exchange drawn by connected persons and accepted before 1 June 1992 by persons subject to the Orders to be paid by the acceptor on maturity. Serbian Accounts may not be debited in reimbursement without permission.

Servicing of syndicated loans

- 13 Any necessary permission will normally be given for banks which are agents for syndicated loans and credits to connected persons to distribute capital repayments and interest payments to participants in the syndicates provided that the necessary funds are received from outside the United Kingdom. Applications for such permission should be made to the Bank of England.

Roll-overs

- 14 Persons subject to the Orders who have made loans to connected persons before 1 June 1992 and who wish to roll-over such loans in accordance with the terms of the loan agreement should refer to the Bank of England. Attention should be drawn to the reasons for any reduction in the interest rate or change in currency composition. Permission will not normally be given to enable the drawn down amount of the loan or credit to be increased on roll-over.

Gold

- 15 Permission is required for persons subject to the Orders to do anything which involves parting with any gold coin or gold bullion wherever located and held for the account of a connected person, or making any change in the persons to whose order any gold coin or gold bullion is to be held. Such permission will not normally be given.

Securities and investments

- 16 In the Orders, "securities" (see paragraph 3 above) has the same meaning as in section 2 of the Emergency Laws (Re-enactments and Repeals) Act 1964, and includes -
- (a) shares, stocks, bonds, notes (other than promissory notes), debentures, debenture stock, certificates of deposit and Treasury and other government bills;
 - (b) a deposit receipt in respect of the deposit of securities;
 - (c) a unit or a sub-unit of a unit trust;
 - (d) an annuity granted under the Government Annuities Act 1929 or to which either Part I or Part II of that Act applies, and a life assurance policy or other contract entered into with an assurance company for securing the payment in the future of any capital sum or sums or of an annuity;
 - (e) a warrant conferring an option to acquire a security;

(f) a share in an oil royalty;

but excludes bills of exchange.

In the Orders, "investments" (see also paragraph 3 above) means any asset, right or interest falling within any paragraph of Part I of Schedule 1 of the Financial Services Act 1986, which is not a security.

- 17 Permission is required for persons subject to the Orders to do anything which involves parting with any securities or investments to or on behalf of connected persons or making any change in the persons to whose order any securities or investments are to be held.
- 18 Where securities are registered in the name of, or investments are held by, a connected person or where persons subject to the Orders hold bearer securities for account of connected persons, no payment of capital monies, dividends or interest may, under the Orders, be made to any person outside the United Kingdom. Permission is hereby given for such payments to be made to Serbian Accounts.

Serbian or Montenegrin securities

- 19 No permissions are necessary for transfers of securities or investments issued by connected persons unless a connected person is a counterparty to the transaction.

Pre-zero transactions

- 20 Any necessary permissions are hereby given for any bargains entered into in the money, foreign exchange, commodities (other than physical oil) and securities markets, including derivatives, or any payment instructions received for immediate execution, involving counterparties connected with Serbia or Montenegro, prior to 0.01 am BST on 1 June 1992, to be completed. These permissions do not include the repayment of term or other deposits.

Performance bonds and indemnities

- 21 Applications to extend or meet calls under bonds and indemnities should be referred to the Department of Trade and Industry.

Contracts of insurance and reinsurance

- 22 Applications for payments under contracts of insurance and reinsurance should be referred to the Department of Trade and Industry.

Permission in respect of AY Bank Ltd (formerly Anglo Yugoslav Bank Ltd)

- 23 All necessary permissions are hereby given to-
- (i) make any payment or to part with gold, securities or investments, and
 - (ii) make any change in the persons to whose credit any sum is to stand or to whose order any gold, securities or investments are to be held,

to or on behalf of AY Bank Ltd provided that if AY Bank Ltd was not a connected person by reason of paragraph 5(iv) above, such action would not otherwise be prohibited by either of the Orders.

Permission in respect of natural persons in the United Kingdom

- 24 All necessary permissions are hereby given to-
- (i) make any payment or to part with gold, securities or investments, and
 - (ii) make any change in the persons to whose credit any sum is to stand or to whose order any gold, securities or investments are to be held,

to or on behalf of any natural person in the United Kingdom who is resident in Serbia or Montenegro provided that if that person was not so resident, such action would not otherwise be prohibited by either of the Orders.

Applications and enquiries

- 25 Application should be made to the Bank of England in respect of any transaction which is not covered by the permissions given in this Notice.

Applications for permissions should be addressed to the Bank of England, Threadneedle Street, London, EC2R 8AH and marked for the attention of the Sanctions Emergency Unit (SEU). Applications may also be made by facsimile transmission (071-601 4309).

- 26 Telephone enquiries may be made to 071-601 4607/3558/3848/4768.