



EU asset freeze and Counter-Terrorism Act 2008 restrictions: Bank Mellat and Islamic Republic of Iran Shipping Lines (IRISL)

1. Bank Mellat and the Islamic Republic of Iran Shipping Lines (IRISL), together with all their branches and certain named subsidiaries, have today been designated for an asset freeze by the EU. Detailed guidance on the asset freeze can be found at - http://www.hm-treasury.gov.uk/d/fin_sanctions_iran_270710.pdf
2. There are separate, domestic financial restrictions on Bank Mellat and IRISL, and all their branches, wherever located, as contained in the Financial Restrictions (Iran) Order 2009 issued by the Treasury on 12 October 2009 under Schedule 7 to the Counter-Terrorism Act 2008 ("CT Act"). These restrictions require UK financial and credit institutions to cease transactions and business relationships with Bank Mellat and IRISL, and all their branches, wherever located. Further information can be obtained at: http://www.hm-treasury.gov.uk/fin_crime_policy.htm. These restrictions have not been revoked and remain in force.
3. This means that from 27 July 2010, Bank Mellat, IRISL and all their branches, wherever located, are subject to **both** the asset freeze prohibitions contained in Regulation 423/2007 **AND** the financial restrictions in the Financial Restrictions (Iran) Order 2009.

EU asset freeze and CT Act General Licences

4. The Treasury have made some minor amendments to the general licences issued under the Financial Restrictions (Iran) Order 2009 in order to ensure the actions permitted in relation to this Order are consistent with those permitted under the asset freeze. The amended licences can be found at http://www.hm-treasury.gov.uk/fin_crime_policy.htm

General Licence 1	<ul style="list-style-type: none">• This licence is amended so that UK financial and credit institutions are licensed under the CT Act prohibitions to hold Bank Mellat's and IRISL's funds in a way that is consistent with the asset freeze.• 'Restricted accounts' under the CT Act prohibitions
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	<p>should be operated as frozen accounts.</p> <ul style="list-style-type: none"> UK financial and credit institutions are no longer licensed to receive funds from Bank Mellat or IRISL, open accounts for them, consolidate accounts held for them or deduct charges from those accounts
General Licence 2	<ul style="list-style-type: none"> This licence is not changed. It allows UK financial and credit institutions to make payments to Bank Mellat and IRISL that are due under contracts established prior to 12 October 2009. Payments must be made to frozen accounts.
General Licence 3	<ul style="list-style-type: none"> This licence permitted the provision of insurance to designated persons under existing contracts for a period of 7 days following 12 October 2009. It expired on 19 October 2009.

5. As a result, all funds held for or on behalf of Bank Mellat or IRISL should be held in frozen accounts in accordance with the asset freeze. The CT Act General Licences 1 and 2 exempt certain activities from the Financial Restrictions (Iran) Order 2009 to the extent necessary in order to hold those funds in frozen accounts. They do not permit any activity that is prohibited under the asset freeze.
6. Anyone with enquiries about General Licences 1 or 2 and whether a particular transaction is affected by the prohibitions imposed by Regulation 423/2007 should contact the Treasury at: AFU@hmtreasury.gsi.gov.uk or on 020 7270 5454.

CT Act Specific Licences

7. Specific licences - i.e. licences issued in relation to a particular transaction or business relationship - have also been issued in relation to the CT Act prohibitions. Where a licence has been issued but payment not made yet, the payment will now also require a licence to exempt it from the prohibitions in relation to the asset freeze.
8. Where a licence has been issued to allow payment to be received from Bank Mellat under a letter of credit issued before 12 October 2009, it is HM Treasury's intention to issue a general licence under the asset freeze to allow these payments to be made. This licence requires a two-week notification period to the EU. Subject to this notification period, it will be issued on 11 August 2010.
9. Any person in possession of any other specific licence issued by the Treasury under the CT Act which they have not yet made payment under, should contact the Treasury at: AFU@hmtreasury.gsi.gov.uk or on 020 7270 5454 to confirm whether their particular licence is affected by the prohibitions imposed by Regulation 423/2007.

Dual listing - Reporting requirements

10. Where UK financial and credit institutions have already reported details of accounts held for Bank Mellat or IRISL under paragraph 7 of General Licence 1, they are not required to report details of those accounts again.

Enquiries

11. Enquiries concerning **asset freezes** should be addressed by post to the Asset Freezing Unit, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ, or by phone 020 7270 5454, by fax 020 7451 7677 or by e-mail to AFU@hmtreasury.gsi.gov.uk.

12. Enquiries concerning **CT Act restrictions** should be addressed by post to the Counter Illicit Finance Team, HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ, or by phone 020 7270 4300 or by e-mail to CTACT@hmtreasury.gsi.gov.uk.

13. Media enquiries should be addressed to the Treasury Press Office on 020 7270 5238.

HM Treasury
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