

NOTICE IN RELATION TO THE IRAN (FINANCIAL SANCTIONS) ORDER 2007

4 May 2007

HM Treasury has received a number of enquiries concerning letters of credit and payments which may become due from Bank Sepah International Plc.

The Iran (Financial Sanctions) Order 2007 prohibits the bank from dealing with funds unless HM Treasury licences payments.

So far, HM Treasury has licensed certain routine payments, such as allowing depositors to withdraw funds, and has been giving further consideration to other categories of payment.

Where payments are due from Bank Sepah International Plc under a contract which was entered into prior to 24th March 2007 (the date the bank became designated) it will be possible for HM Treasury to licence the payment so long as certain conditions are fulfilled.

In particular, paragraph 15 of the United Nations Security Council 1737(2006) allows a state to licence such payments where the state has determined that:

(a) the contract is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering or services referred to in paragraphs 3, 4 and 6 of UNSCR 1737(2006);

(b) the payment is not directly or indirectly received by a designated person or entity.

Bank Sepah International Plc has provided HM Treasury with information on letters of credit and payments which may become due and this information is under review. HM Treasury may require further information on a case by case basis and, if so, will inform the relevant parties.

In the meantime, parties to contracts with Bank Sepah International Plc are reminded that a person is not in breach of the prohibitions in the Order if it presents the bank with a letter of credit, bill of lading, bill of sale, document providing evidence of an interest in funds or financial resources or any other instrument of export financing provided that the document in question relates to a contract entered into before 24 March 2007 (See HM Treasury's notice of 20 April 2007).

Therefore, parties to contracts may present documents to Bank Sepah International Plc and the bank can contact HM Treasury to inform them that a payment has become due.

HM Treasury will expedite the consideration of cases where documents have been presented to Bank Sepah International Plc and where payment has become due, or is shortly to become due, under a prior contract.

HM Treasury will provide a further updating notice in the week of 7th May 2007.