

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

22 June 2007

On 14 June 2007, the sanctions committee of the United Nations Security Council was notified that HM Treasury intends to issue licences in relation to certain payments due from Bank Sepah (an Iranian Bank) to UK individuals and entities.

Bank Sepah is listed in accordance with resolution 1737 by virtue of resolution 1747(2007).

As well as branches within Iran and elsewhere, Bank Sepah has branches in Frankfurt, Paris and Rome. Also, Bank Sepah has funds on deposit with other financial institutions within the UK.

Financial sanctions against Bank Sepah took effect immediately upon the listing of the bank in resolution 1747(2007), by virtue of the UK's domestic legislation, the Iran (Financial Sanctions) Order 2007 ("the Order"). Accordingly, UK residents and citizens cannot deal with the funds of Bank Sepah without a licence from HM Treasury.

A general licence was granted on 31 May 2007 to recognise exemptions duly granted by other EEA competent authorities.

This notice relates to the circumstances in which HM Treasury may grant licences.

Paragraph 15 of the United Nations Security Council 1737(2006) allows a state to licence payments due under contracts entered into prior to 24th March 2007 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.

This is likely to apply to prior contracts to such as those relating to financing for international trade, letters of credit or guarantees. It can also relate to depositors and others, such as suppliers, who have commercial agreements with Bank Sepah.

In order to determine that payments are not connected with proliferation or with designated persons, the Government will vet each matter on a case by case basis, unless the general licence of 31 May 2007 applies.

The vetting process is being operated on a rolling basis, with the intention being to give priority to considering contracts under which payment is due or shortly to become due, whilst being fair to earlier applicants.

Individuals and entities due payment from Bank Sepah under a prior contract should apply to HM Treasury for a licence. Applicants are requested to send copies of all relevant supporting documentation and the attached pro forma, completed with the relevant details, to the address or e-mail address at the end of this notice.

Applicants will note HM Treasury may request further information, depending on the circumstances of each case.

It is an offence under the Order, knowingly or recklessly, to make any statement or furnish any document or information which is false in any material particular, for the purpose of obtaining a licence.

A licence issued by HM Treasury has effect in relation to the UK's law, as set out in the Order. If the anticipated payment is originating from or passing through another jurisdiction, applicants should also contact the competent authorities of those jurisdictions in order to seek any other exemptions that may be required.

HM Treasury's Financial Sanctions Unit can be contacted at the following address:

Financial Sanctions Unit
Financial Crime Team
HM Treasury
1 Horse Guards Road
London SW1A 2HQ
Email: fsu@hm-treasury.gsi.gov.uk

[Attach pro forma]