New Sanctions on Iran
November 2011

UK Sanctions

On 21st November, the Chancellor announced a significant tightening of UK financial sanctions on Iran. The Direction given by HMT in the Financial Restrictions (Iran) Order 2011 prohibits all financial transactions and business relationships between UK financial and credit institutions and banks incorporated in Iran, including their branches and subsidiaries wherever located, this includes the CBI. The Order, which doesn't apply to exporters, can be found at http://hm-treasury.gov.uk/fin_restrictions_under_cta2008.htm.

The Order covers: branches and subsidiaries of foreign banks in the UK. It doesn't cover: overseas subsidiaries of UK banks or foreign banks over seas

Exporters or their banks will need to obtain a licence from HMT to use UK credit or financial institutions to make or receive payments. HMT will consider licence applications for due payments under existing pre-existing contracts

The Order gives a general licence, that is an exemption, for amounts under €40,000, although notification of amounts over €10,000 continues to be required, for: humanitarian business relations and transactions (this includes funds for foodstuffs, healthcare and medical equipment); personal remittances, insurance*; asset freezing exemptions*; account holding for a designated person*; before 28th November, completion of payments in train*. Note:* the reporting limits don't apply.

US sanctions

On 21st November, but a few hours later occasioned by the time difference, the US introduced new sanction:

- The identification of Iran as a jurisdiction of "Primary Money Laundering Concern)
- The designation of additional individuals and entities for the application of asset freeze measures
- Against persons that engage in activities that contribute to the development of Iran's petroleum resources and its production of petrochemical products. This is detailed in Executive Order 13590

The money laundering designation allows the US Treasury to prohibit the opening or maintenance of correspondence accounts by US financial institutions with a foreign bank (in this case an Iranian bank)

Executive Order 13590 is aimed at non-US persons that provide support to Iran's energy and petrochemical sectors. It goes further than previous orders which targeted investment in Iran, the importation into Iran of refined petroleum and a prohibition on shipping and insurance related to these activities. This Order sanctions goods, services, technology or support for the petroleum and petrochemical industries.

EU Sanctions

On 1st December the EU introduced a regulation prohibiting dealings with several hundred entities and persons:

- Those involved in nuclear or ballistic missile activities
- IRGC
- IRISL

Further discussion of banking sanctions could not occur before January, when ministers meet again.