



## STEAMSHIP MUTUAL

To the Members

July 2010

Dear Sirs,

### **IRANIAN SANCTIONS ORDERS AND RESTRICTIONS ON CLUB COVER**

#### **MEMBERS' ATTENTION IS DRAWN TO THE NOTICE OF RESTRICTIONS ON COVER AT PAGE 3 OF THIS CIRCULAR.**

This Circular sets out the background and circumstances which have led to that notice.

As Members will know, there has been a rapid escalation of sanctions against Iran and Iranian and associated entities imposed by the United Nations, the United States of America and the United Kingdom, with the European Union set to impose new EU restrictive measures with respect to Iran going beyond those required in the most recent UN Security Council Resolution 1929 (dated 9 June 2010) UNSCR 1929.

A summary of the principal resolutions, orders and legislation is set out in the Appendix to this Circular. Materials relating to Iran and Sanctions may also be found on the dedicated section of the Club's website entitled "Iran – Sanctions" using the following link.

<http://www.simsl.com/IranSanctions.htm>

UNSCR 1929 requires all Nations and companies, persons and firms worldwide to exercise vigilance when doing business with Iranian entities, if there are reasonable grounds to believe that such business could contribute to Iran's proliferation-sensitive nuclear activities or development of nuclear weapons or the violation of existing UN Resolutions.

Members' attention is drawn to the requirements of UNSCR 1929 which may have an impact on shipping activities involving either Iranian entities or Iranian cargoes. In particular, the restriction on the provision of financial services imposed by the Resolution may affect payments involving Iranian entities, and Members who are carrying cargo to or from Iran, whether or not their ships are chartered to Iranian charterers, may be liable to have their vessels stopped and searched.

From 1<sup>st</sup> July 2010 the US Comprehensive Iran Sanctions Accountability and Divestment Act 2010 (CISADA) formerly known as the Iran Refined Petroleum Sanctions Act (IRPSA) imposes new trade sanctions with Iran and extends beyond the straightforward prohibition of importation/delivery of refined petroleum products ("RPP") into or to Iran, to other activities, for example, prohibiting the sale, lease, or supply of goods, services, technology, information or support which are intended for, or which could be used to facilitate, the maintenance or expansion of Iran's domestic production of RPP, including the modernisation or repair of refineries. Infringement of CISADA could therefore potentially depend on the intended use of the cargo, putting Members on enquiry as to whether proposed shipments of a particular cargo might have an application to the production of RPP. Relevant enquiries might be the identity of the consignee/receiver in Iran, their line of business, the value of the cargo, the identity of exporter/supplier, the grade of the cargo and how that grade of cargo might be capable of being used.

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#### **THE STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION (BERMUDA) LIMITED**

Registered Office: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

Authorised and Regulated by the Bermuda Monetary Authority and the United Kingdom Financial Services Authority  
(FSA registration number 202762)

**MANAGERS: STEAMSHIP MUTUAL MANAGEMENT (BERMUDA) LIMITED**

**WASHINGTON MALL I, PO BOX HM 447, HAMILTON HM BX, BERMUDA**

Tel: (441) 295 4502 Fax: (441) 292 8787 Website: [www.simsl.com](http://www.simsl.com)

## Provisions of the Club Rules

In circumstances where the Club and/or its Members may be adversely affected by one or more of the sanctions regulations, Members' attention is drawn to the provisions of the Rules and Charterers' Clauses which provide for termination and cessation of entry.

### Owned Entries

#### Rule 35 Cessation of Membership

"A Member shall cease to be a Member and shall cease to be insured by the Club in respect of any and all ships entered by him upon the happening of any of the following events: ...

**vi** Notwithstanding and without prejudice to Rule 35 vii below, if the Directors, on such notice in writing as they may decide, terminate the entry of a Member where the Member's continuing entry will expose or may, in the opinion of Directors, expose the Club or any of its Members to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation.

**vii** Notwithstanding and without prejudice to Rule 35 vi above, unless the Directors shall in their discretion otherwise determine, if any ship (whether or not entered in the Club) is employed by the Member in a carriage, trade or on a voyage which will thereby in any way howsoever expose the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any State or International Organisation.

In the event of any dispute as to whether the ship has been so employed, the Directors' decision shall be final.

Provided that

**c** In relation to Rule 35 vii when the risk of any such sanction, prohibition or adverse action ceases, insurance by the Club in respect of any and all ship(s) entered by the Member, may in the Managers' discretion be reinstated."

### Rule 14

"ii Save where the Club has exercised any right to terminate an entry as otherwise provided in these rules, the cover shall continue from Policy Year to Policy Year unless

**c** ...the Managers by 30 days notice in writing to a Member at any time terminate the entry in respect of any ship."

### Chartered Entries

The Charterers' Clauses provide at:

Clause **32 vi** and **vii**, an equivalent provision to Rule **35 vi** and **vii** of the Owners' Rules.

Clause **11 i d**, the Managers may give notice in writing to terminate the entry of a ship, including a ship declared under an open cover, or an open cover itself, upon at least seven days notice in writing.

Clause **4** provides:

"The Managers may:

**i** Accept entries of vessels by Charterers, including Charterers of part of a ship or its passenger or cargo-carrying capacity;

**ii** Agree open covers whereby the Member may declare entries of chartered vessels from time to time during the period of such cover, but subject always to the Managers' right to decline the entry of a vessel so declared in their absolute discretion;

on such terms and conditions as the Managers may determine, including cover for any risks excluded under these Clauses."

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### **Termination or Cessation of Cover as a result of sanctioned activity**

The resolutions, orders and legislation set out in the Appendix affect Iran and Iranian commerce and, consequently, Club entries. The Club's primary objective, in relation to these developments, is to ensure that it and the Members fully comply with all such applicable laws.

Members are reminded of the provisions of the Club Rules and in particular those cited above, relating to termination and automatic cessation of entry where the vessel's employment gives rise to the risk of sanctions.

In certain cases entries may also be legally frustrated and/or void for illegality by the operation of applicable Government or International orders and regulations concerning sanctions against Iran.

Engagement in any illegal activity, or in support of an entity which has been designated as a sanctions target under laws or regulations affecting or potentially affecting the Club or its Members, may lead to a breach of Rule 24 and/or the termination or cessation of cover and /or to frustration of the contract of insurance.

Bearing in mind the wide range of measures imposing sanctions for prohibited activity with regard to Iran and Iranian/associated entities, the Club will, in accordance with the Rules, decline to accept certain entries and may take steps to terminate or cancel certain existing entries to which one or more of the relevant Sanctions /Orders/Regulations applies.

### **NOTICE OF RESTRICTIONS ON COVER**

Members are hereby notified that the Club cannot accept declarations, including retrospective declarations, or new entries or additions to existing entries, and is unlikely to provide or continue coverage to Members:

- in relation to any vessel, or its owner/operator/charterer/manager which is designated as a sanctions target (whether or not such vessel/entity is entered in, or a Member of, the Club); and/or
- which would involve a breach of sanctions regulations by virtue of the trade in which the vessel is employed, or the nature of the cargo carried.

Members' are directed to the links maintained by OFAC in the US and HM Treasury (HMT) in the UK. The HMT list comprises a consolidated list of asset freeze targets designated by the United Nations, European Union and United Kingdom under legislation relating to current financial sanctions regimes.

1. the United States Office of Foreign Asset Control (OFAC):  
[www.ustreas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf](http://www.ustreas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf)

2. the United Kingdom Treasury ( HMT):  
[www.hm-treasury.gov.uk/d/sanctionsconlist.pdf](http://www.hm-treasury.gov.uk/d/sanctionsconlist.pdf)

With immediate effect the provisions set out overleaf will apply to Chartered and Owners' entries.

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### Chartered Entries

In accordance with Charterers' clause 4, with immediate effect, all new Chartered Entries and declarations of entries under a charterers' open cover, including retrospective declarations, shall be subject to the following condition:

#### Endorsement to Charterers' Cover

*"It is a condition of this insurance that no coverage will be provided and no entries will be accepted, and no declaration(s) may be made under an open cover, in respect of:*

1. *vessels owned, managed, operated or chartered by a party (who need not be a Member or prospective Member of the Club); and/or*
2. *vessels; designated under any legislation, regulation or order of any State or International Organisation which howsoever exposes those vessels and/or the Club and/or the Member declaring such vessels and /or any other Member of the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action whatsoever.*

*If:*

- (a) *notwithstanding this condition, such a vessel is so declared or entered, it shall not be insured by the Club and no claims, liabilities, costs or expenses shall be paid by or recoverable from the Club in relation thereto; and/or*
- (b) *a vessel, in relation to which cover has been provided, or the entry of which has been accepted by the Club (whether or not a certificate of entry has been issued), or its owner, manager, operator or charterer (whether or not a Member of the Club) is or becomes so designated, the entry of that vessel and/or the coverage provided to the Member shall cease forthwith, and no claims, liabilities, costs or expenses shall be paid by or recoverable from the Club in relation thereto."*

*In the event that any vessel is entered, and/or declared under an open cover, or a vessel in relation to which cover has been provided, is employed on any voyage, in any trade or for the carriage of cargo in breach of any legislation, regulation or order of any State or International Organisation which howsoever exposes the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action whatsoever, the insurance of that vessel and/or the coverage provided to the Member shall cease forthwith and no claims, liabilities, costs or expenses in relation thereto, and arising after the date of such cessation, shall be recoverable hereunder. Save that at any time after such cessation, if the Directors in their absolute discretion so determine, that vessel's entry in the Club or the coverage in relation to that vessel, may be reinstated on such terms and conditions and from such date and time as the Directors or the Managers direct."*

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**Owned Entries**

For Owned Entries, all new Owned Entries and additions to existing entries shall be subject to the following condition:

**Endorsement to Owners' Cover**

*"It is a condition of this insurance that no coverage will be provided and no entries will be accepted in respect of:*

*1. Vessels owned, managed, operated or chartered by a party (who need not be a Member or prospective Member of the Club); and/or*

*2. Vessels;*

*designated under any legislation, regulation or order of any State or International Organisation which howsoever exposes those vessels and/or the Club and/or the Member entering such vessels and/or any other Member of the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action whatsoever.*

*If, notwithstanding this condition,*

*(a) a vessel, in relation to which cover has been provided, or the entry of which has been accepted by the Club (whether or not a certificate of entry has been issued); or*

*(b) such vessel's owner, manager, operator or charterer, (whether or not a Member of the Club)*

*is or becomes so designated, the entry of that vessel and/or the coverage provided to the Member, shall cease forthwith and no claims, liabilities, costs or expenses shall be paid by or recoverable from the Club in relation thereto.*

*In the event that any vessel entered (whether or not a certificate of entry has been issued), or a vessel in relation to which cover has been provided, is employed on any voyage, in any trade, or for the carriage of cargo in breach of any legislation, regulation or order of any State or International Organisation which howsoever exposes the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action whatsoever, the insurance of that vessel and/or the coverage provided to the Member shall cease forthwith and no claims, liabilities, costs or expenses in relation thereto, and arising after the date of such cessation, shall be recoverable hereunder. Save that at any time after such cessation, if the Directors in their absolute discretion so determine, that vessel's entry in the Club or the coverage in relation to that vessel, may be reinstated on such terms and conditions and from such date and time as the Directors or the Managers direct."*

Yours faithfully,

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APPENDIX  
SUMMARY OF IRANIAN SANCTIONS ORDERS AND REGULATIONS

There follows a non-exhaustive overview of the principal current legislation and regulations as at 16<sup>th</sup> July 2010 currently affecting, or with the potential to affect, the Club and its Members regarding sanctions against Iran, and Iranian or associated entities.

United Nations Security Council Resolution 1929 (2010)

On 9<sup>th</sup> June 2010 the UN Security Council adopted Resolution 1929 imposing further measures designed to counter Iran's nuclear proliferation activities. These measures include:

- A ban on the direct/indirect supply, sale, or transfer to Iran of specified arms, equipment, artillery and missile systems (prohibited items) and training, financial or other services or advice relating to the supply, use etc. of such arms and related materiel; (paragraph 8).
- The inspection of all cargo to/from Iran if there are reasonable grounds to consider it contains prohibited items; (paragraph 14).
- Inspections of vessels on the High Seas (with the consent of the flag State) if there are reasonable grounds to suspect the vessel is carrying prohibited items, with power to seize and destroy prohibited items, (paragraphs 15 and 16).
- A ban on the provision of fuel or supplies or other servicing of Iranian owned or chartered vessels, if there are reasonable grounds to believe they are carrying prohibited items; (paragraph 18).
- The addition of specified "designated persons," whose funds, financial assets and economic resources to be frozen (pursuant to UN Resolution 1737 (2006)), and the freezing of assets of persons or entities acting on behalf of designated persons or at their direction, or those of entities owned or controlled by designated persons, including through illicit means; (paragraph 19).
- The reporting to the Committee of the UN Security Council (the Committee) of any information available on transfers or activity by vessels owned or operated by IRISL to other companies, that may have been undertaken to avoid UN sanctions/resolutions, including the renaming of ships; (paragraph 20).
- A ban on the provision of financial services, including insurance or re-insurance or any financial or other assets or resources if there are reasonable grounds to believe the services, assets or resources could contribute to Iran's proliferation-sensitive nuclear activities; (paragraph 21).

- All States shall require their nationals, companies incorporated in and persons/firms subject to their jurisdiction to exercise vigilance when doing business with Iranian entities, including IRISL, and any individuals or entities acting on their behalf or at their direction, and entities owned or controlled by them, including through illicit means, if there are reasonable grounds to believe that such business could contribute to Iran's proliferation-sensitive nuclear activities or development of nuclear weapons or the violation of existing UN Resolutions; (paragraph 22).
- All State, UN bodies and "other interested parties" to co-operate fully with the Committee in particular by supplying relevant information on the implementation of the various existing UN Resolutions and incidents of non-compliance, (paragraph 30).

### United Kingdom and Bermuda

#### The Financial Restrictions (Iran) Order 2009

Pursuant to the Financial Restrictions (Iran) Order 2009 (the "2009 Order") dated 12<sup>th</sup> October 2009 , "relevant persons" (that is all persons operating as financial or credit institutions in the UK) are directed to cease all business relationships with "designated persons" in the Order, namely Bank Mellat and Islamic Republic of Iran Shipping Lines (IRISL).

Similar legislation in Bermuda, the Anti-Terrorism (Financial Restrictions Iran) Order 2010 came into effect on 15<sup>th</sup> January 2010.

#### HMT Financial Sanctions Notification – 2007 Order

On 10<sup>th</sup> June 2010 HMT issued a Financial Sanctions Notification (the Notice) giving effect to UN Resolution 1929 (2010). The Notice referred to the pre-existing Iran (Financial Sanctions) Order 2007 (the 2007 Order). Pursuant to UN Security Council Resolution 1929 (2010), Irano Hind Shipping Company was added with immediate effect as a designated person for the purposes of the 2007 Order, which makes it a criminal offence for anyone to deal with funds and economic resources owned, held or controlled directly or indirectly by a designated person, or to make funds or economic resources available, directly or indirectly, to or for the benefit of a designated person.

Equivalent provisions with respect to the assets of designated persons are set out in a Bermudian Order, The Iran (United Nations Measures) (Overseas Territories) Order 2007 which is binding on Bermuda-incorporated companies.

### United States Legislation

Pursuant to the Iranian Transactions Regulations (ITR 31 CFR part 560) Iran and the Government of Iran are subject to a near complete trade embargo by the US. In general, unless licensed by the Office of Foreign Asset Control (OFAC), goods, technology or services may not be exported, re-exported,

sold or supplied directly or indirectly from the US or by a US person wherever located to Iran or its Government.

Pursuant to US Executive Order EO 13382 with effect from 10<sup>th</sup> September 2008, a number of Iranian shipping companies, including the Islamic Republic of Iran Shipping Lines (IRISL) and a number of its subsidiary and affiliated companies, became a Specially Designated National (SDN). US persons and companies, and persons and companies located in the US are prohibited from dealing with SDN's which would include the provision of insurance services to them. All property of the SDN in the US is blocked. The prohibition in Order EO 13382 is specifically targeted at the activities of identified Iranian companies and their vessels and does not extend to the wider shipowning community.

#### Further Designations pursuant to US Executive Order (EO) 13382

On 16<sup>th</sup> June 2010, the US Department of the Treasury announced measures implementing UN Security Council Resolution 1929 (UNSCR 1929) with an updated and expanded set of designations made pursuant to Executive Order (EO) 13382:

Post Bank of Iran; The Islamic Revolutionary Guard Corps (IRGC); individuals and entities with ties to Iran's WMD programs; and five (5) Islamic Republic of Iran Shipping Lines (IRISL) front companies, including the following three (3) Iranian based companies: Hafiz Darya Shipping Company (HDS Lines); Soroush Sarzamin Asatir Ship Management Company, and Safiran Payam Darya Shipping Co. (SAPID), as well as two (2) Hong Kong based companies affiliated with IRISL, Seibow Limited and Seibow Logistics Limited.

The Treasury also identified 27 new vessels as blocked property due to their connection to IRISL and updated the entries for 71 already-blocked IRISL vessels to identify new names given to those *vessels*.

Pursuant to the designations all transactions involving any of the designees and any US person are prohibited. Moreover any assets the designees may have under US jurisdiction, including but not limited to US dollar wire transfers, are frozen.

Of greater potential impact is new legislation amending the Iran Sanctions Act (ISA) of 1996 to enhance US diplomatic efforts by expanding economic sanctions against Iran.

#### Comprehensive Iran Sanctions, Accountability and Divestment Act 2010 ("CISADA")

##### formerly known as Iran Refined Petroleum Sanctions Act ("IRPSA")

This Act came into force with effect from 1<sup>st</sup> July 2010. It imposes new trade sanctions and extends beyond the straightforward prohibition of importation/delivery of Refined Petroleum Products (RPP)

into or to Iran as envisaged by the draft IRPSA Bills. There are also provisions for identifying countries of concern who permit the diversion through their territory of goods, service, and technologies to or through Iran to Iranian end users and/or intermediaries

Under CISADA, sanctions could be imposed against both domestic and foreign entities (persons) who are determined on or after 1<sup>st</sup> July 2010 to have “knowingly”

- 1) Sold or provided refined petroleum products to Iran that have a fair market value of US\$1 million or more, or during a 12 month period have an aggregate fair market value of US\$5 million or more; and
- 2) sold, leased or provided to Iran goods, services, technology, information, services or support that individually have a fair market value of US\$1 million or more, or during a 12 month period have an aggregate fair market value of US\$5 million or more and that could directly and significantly:
  - (a) facilitate the maintenance or expansion of Iran’s domestic production of refined petroleum products, including any direct and significant assistance with respect to the construction, modernisation or repair of petroleum refineries;
  - (b) contribute to the enhancement of Iran’s ability to import refined petroleum products, including:
    - (i) underwriting, or entering into a contract to insure or reinsure the sale, lease, or provision of such goods, services, technology, information or support;
    - (ii) the financing or brokering of such sale, lease or provision; or
    - (iii) providing ships or shipping services to deliver refined petroleum products to Iran.

The Act provides that sanctions are not to be imposed on underwriters and insurers/reinsurers exercising due diligence in establishing and enforcing official policies, procedures and controls to ensure that insurance or reinsurance is not provided for the sale, lease or provision of goods, services, technology, information or support that could directly and significantly contribute to Iran’s ability to import RPP.

In the Act the term “knowingly” with respect to conduct, a circumstance or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance or the result.

“Refined Petroleum Products” means diesel, gasoline, jet fuel (including naphtha type and kerosene type jet fuel) and aviation gasoline.

“Persons” means a natural person, business enterprise, government entity operating as a business enterprise, financial institution, insurer, underwriter, guarantor, any other business organisation. This

definition also includes a person that owns or controls a sanctioned person (e.g. a parent company), or a person that is under common ownership or control with a sanctioned person (corporate affiliates of a sanctioned person).

The wide scope of the wording of the Act could, in relation to shipping activity, include owners, charterers, managers, crew, and, in relation to insurance cover, could include the Club in which an offending vessel is entered, as well as its reinsurers. As drafted, the sanctions would apply in relation to any vessel(s), regardless of country of flag/registry/beneficial ownership, trading refined products into Iran even where, as a matter of the law governing the relevant contracts of carriage, the voyage, carriage or activity is lawful. Further, the Act does not just apply to the importation of RPP; it extends to other activities also, for example goods which are intended for, or which could be used to facilitate the maintenance or expansion of Iran's domestic production of RPP, including the modernisation or repair of refineries. Many cargoes are capable of multiple uses, so that the issue of infringement potentially depends on the intended use of the cargo. This might be unknown to the carrier, but the US authorities might attempt to assert implied knowledge arising out of the identity of the consignee. Members may need to seek information of proposed shipments to determine whether a particular cargo might possibly have an application to the production of RPP. Relevant enquiries might be:

- the identity of the consignee/receiver in Iran; their line of business;
- the value of the cargo;
- the identity of the exporter/supplier;
- the grade of the cargo and how might that grade of cargo be capable of being used.

Although the provisions relating to the value of the cargo, goods, services or support may afford a defence, it is presently unclear how these will be interpreted by the US Government, and how calculations will be made for insurance services. It is expected that the calculation, insofar as it relates to insurance, will consider the amounts of insurance coverage/policy limits. The Club is advised by the Eren law firm that the fair market values specified in the Act are likely to be met by a standard P&I policy written subject to mutual limits.

Possible sanctions for CISADA-offending activity could include being designated as a sanctions target on a US blacklist and the barring of sanctioned persons/companies from access to US financial institutions; the blocking of their assets, property in the United States; a bar on dollar transactions of an offender within, or routed through, the United States; as well as lesser sanctions such as barring sanctioned persons from US Eximbank credits and US government contracts. In addition, criminal penalties (severe monetary fines and imprisonment) could be imposed on US persons (a person in the

United States, a US citizen, a US resident, a company organised under US law and its foreign branches) for violations of the Act.

Under the Act the President does have some discretion as to whether or not to impose CISADA sanctions. The President has some discretion in how CISADA is administered and enforced and can waive the imposition of sanctions under certain circumstances, including circumstances where he certifies that doing so is important, or as the case may be, vital to the national interest of the United States. It is possible that a few designations of entities as sanctions targets will be made under the new law, and that this limited action may deter others from CISADA-offending trade.

The Eren law firm in Washington advising the IG comments that the US administration may exercise restraint in imposing sanctions initially whilst other states (and in particular the EU) have had the opportunity to implement similar measures.

#### EU Regulation (Council Regulation EC No. 2271/96 – the “EC Blocking Regulation”)

An existing EU Regulation (Council Regulation EC No. 2271/96 – the “EC Blocking Regulation”) seeks to restrict compliance by persons subject to EU jurisdiction (nationals or residents of one of the EU Member States and companies incorporated in one of the Member States) with the US Iran Sanctions Act of 1996 (ISA), since the ISA purported to have extra-territorial effect and its prohibitions regarding investment in Iran were deemed to contravene the fundamental freedom of movement of capital.

This is an extremely complex area but preliminary legal advice received by the International Group indicates thus far that amendments to ISA are not automatically caught by the EC Blocking Regulation which would have to be updated to refer to CISADA. This point may be of limited significance if (as the IG is advised) the EU itself is intending to implement further sanctions against Iran and Iranian entities.

#### The European Union

The European Union on 17<sup>th</sup> June 2010 announced that new EU restrictive measures with respect to Iran would be imposed and that such sanctions would go beyond those required in UNSCR 1929. The EU has said that such measures will entail restrictions on “trade, especially dual use goods and further restrictions on trade insurance; the financial sector, including freezing of additional Iranian banks and restrictions on banking and insurance; the Iranian transport sector, in particular IRISL and its subsidiaries and air cargo; key sectors of the gas and oil industry with prohibition of new investment, technical assistance and transfer of technologies, equipment and services related to these areas, in

particular relating to refining, liquefaction and LNG technology; and new visa bans and asset freezes especially on the Islamic Revolutionary Guard Corps.” EU regulations implementing UNSCR 1929 are expected to be issued on or after 26<sup>th</sup> July 2010.

#### Rule Changes

Against the background of the then proposed IRPSA legislation and the risk that other governments, including the UK, could take steps to implement further sanctions, Rules changes were introduced with effect from 20<sup>th</sup> February 2010 in an attempt to protect the Club itself from becoming a sanctions target as a result of actions taken by States or other International Organisations because of the activities of any of the Club’s Members, or the trades in which Members’ vessels are employed. These provisions are to be found in Rule 35 vi and vii as set out in the Circular.