



Iran (nuclear proliferation)

Council Regulation (EU) No 1263/2012

This notice is issued in respect of the restrictive measures directed by the Council of the European Union against Iran. It draws attention to Council Regulation (EU) No 1263/2012, ("the Amending Regulation"). It covers only those elements of the Amending Regulation for which the Treasury has responsibility.

Introduction

1. With the publication of Council Regulation (EU) No 1263/2012 of 21 December 2012 in the Official Journal of the European Union (O.J. L 356, 22.12.2012, p.34) on 22 December 2012, the Council of the European Union has amended Council Regulation (EU) No 267/2012 ("the 2012 Regulation") with effect from 23 December 2012. The amendments are explained below and references in this notice to the 2012 Regulation are references to such Regulation as amended by the Amending Regulation.
2. The measures inserted into the 2012 Regulation by the Amending Regulation are additional to the requirements already placed upon UK financial and credit institutions by the Direction given by the Treasury in the Financial Restrictions (Iran) Order 2012, made under Schedule 7 to the Counter-Terrorism Act 2008. Further information on the Order is available at: http://www.hm-treasury.gov.uk/fin_restrictions_under_cta2008.htm
3. This notice covers the additional financial measures in the 2012 Regulation and the asset freezing provisions, and should be read in conjunction with that Regulation.

- **New EU Prohibition on transfers of funds between EU credit and financial institutions and Iranian banks (Chapter V)**

Prohibitions

4. The Amending Regulation introduces a prohibition into the 2012 Regulation on EU credit and financial institutions transferring funds to or from Iranian banks. The new prohibition is inserted as a new Article 30 into the 2012 Regulation, and the existing financial restrictions on transfers of funds to or from Iranian persons, entities or bodies (other than Iranian banks), previously contained in Article 30, becomes Article 30a. These measures remain unchanged. In summary, if a transfer between a UK bank and an Iranian bank is to take place, the new Article 30 applies. If a transfer between an EU bank and an Iranian person, entity or body is to take place, and no Iranian bank is involved in the transaction, Article 30a applies.
5. Article 30(1) provides that financial and credit institutions in the EU are prohibited from transferring funds to or from:
 - (a) Iranian credit and financial institutions and bureaux de change, and their branches and subsidiaries, wherever located; and.
 - (b) credit and financial institutions and bureaux de change that are not domiciled in Iran but are controlled by persons, entities or bodies domiciled in Iran, unless such transfers are authorised in accordance with the processes set out in the remaining paragraphs of Article 30 (see the 'authorisations' subsection below).
6. Please note that, as with transfers to and from Iranian persons, entities or bodies, the following transfers are caught by the new prohibition:
 - (a) transfers effected through several operations which appear to be linked. This includes both a series of consecutive transfers from or to the same financial or credit institutions which are made in connection with a single obligation to a transfer of funds.

- (b) transfers which, individually, fall below the relevant threshold set out in Article 30 but which, in the aggregate, meet the criteria for notification or authorisation;
- (c) a chain of transfers involving different payment service providers which effects a single obligation to make a transfer of funds.

7. The UK's Financial Restrictions (Iran) Order 2012 already prohibits UK credit and financial institutions from entering into or maintaining business relationships, and engaging in transactions, with Iranian banks. From a compliance perspective UK credit and financial institutions should not experience a significant difference following the adoption of the new EU prohibition, as it remains the case that it is prohibited to enter into or maintain business relationships or transactions with Iranian banks. See below for a summary of the interplay between the new Article 30 measure and the requirements of the Financial Restrictions (Iran) Order 2012.

Authorisations

8. Article 30 provides that competent authorities of Member States (the Treasury in the UK) may authorise the following transfers between EU and Iranian banks:
- (a) transfers regarding foodstuffs, healthcare, medical equipment, or for agricultural or humanitarian purposes. Transfers below EUR 100,000 or equivalent may be carried out without any prior authorisation. However, transfers shall be notified in advance in writing if equal to or above EUR 10,000 or equivalent. Transfers equal to or above EUR 100,000 or equivalent shall require prior authorisation of the competent authority of the Member State concerned. The
 - (b) transfers regarding personal remittances. Transfers below EUR 40,000 or equivalent shall be carried out without any prior authorisation. However, transfers shall be notified in advance in writing if equal to or above EUR 10,000 or equivalent. Transfers equal to or above EUR 40,000 or equivalent shall require prior authorisation of the competent authority of the Member State concerned.
 - (c) transfers in connection with a specific trade contract for EUR 10,000 or more, provided that such transfer is not prohibited under the 2012 Regulation;
 - (d) transfers regarding diplomatic missions or consular posts or international organisations enjoying immunities in accordance with international law, for EUR

10,000 or more, insofar as such transfers are intended to be used for official purposes of the diplomatic missions or consular posts or organisations enjoying immunities in accordance with international law;

(e) transfers for EUR 10,000 or more regarding payment to satisfy claims by or against an Iranian person, entity or body, or transfers of similar nature provided that they do not contribute to the activities prohibited under the 2012 Regulation, on a case by case basis, if the Member State concerned has notified the other Member States and the Commission at least ten days in advance of its intention to grant an authorisation;

(f) transfers for EUR 10,000 or more necessary for the execution of the obligations arising from contracts referred to in Article 12(1)(b).

9. Note that transfers of funds below EUR 10,000 or equivalent shall not require any prior authorisation or notification.

10. Notifications and requests for authorisations relating to the transfer of funds to an Iranian bank shall be addressed by or on behalf of the payment service provider of the payer to the competent authorities of the Member States where the payment service provider is established.

11. Notifications and requests for authorisations relating to the transfer of funds from an Iranian bank shall be addressed by or on behalf of the payment service provider of the payee to the competent authorities of the Member States where the payment service provider is established.

Exemptions and whether a new authorisation is needed for previously authorised transfers

12. To avoid the need for new authorisations to be sought under the new Article 30 prohibition for transfers which have already been authorised under the asset freezing measures, Article 30b provides that "Where an authorisation has been granted under Article 24, 25, 26, 27, 28 or 28a, Articles 30 and 30a shall not apply." If you are provided with evidence of an authorisation (from the Treasury or another Member State) under one of these Articles you

may make the payment without further notification or authorisation. If you are unsure about the validity of an authorisation or licence, then you should contact the issuing competent authority to confirm its validity.

13. Similarly, to avoid the need to resubmit an authorisation request for a transfer of funds for which authorisation has already been sought under the old Article 30 (the transfer of funds to and from Iranian persons, entities and bodies restrictions), Article 30b provides that such transfers can proceed without fresh authorisations being required under Article 30, provided they take place before 15 April 2013.

Summary of interplay between new EU prohibition and the UK's Financial Restrictions (Iran) Order 2012

14. The table below summarises how the requirements of the new EU prohibition and the Financial Restrictions (Iran) Order 2012 interact, setting out the situations in which licences are required by UK credit or financial institutions in order to make or receive payments from, or engage in business relationships with, Iranian banks:

Type of payment/relationship	Size of payment	Do I need to apply for a licence?
Any business relationship between a UK credit and financial institutions and an Iranian bank	N/A	Yes (if not already licensed) Make an application for a licence under the Financial Restrictions (Iran) Order 2012; no licence required under EU Regulation.
Humanitarian payment	under €10,000	No Already authorised under General Licence 1 issued in relation to the Financial Restrictions (Iran) Order 2012; no licence required under EU Regulation, no requirement to notify the Treasury.
	€10,00 < €40,000	No but must notify the Treasury first Already authorised under General Licence 1 issued in relation to the Financial Restrictions (Iran) Order 2012; no licence required under EU Regulation, but notification to the Treasury required under EU Regulation.
	€40,000 < €100,000	Yes Apply for a licence under the Financial Restrictions (Iran) Order 2012 (application form on Treasury website); no licence required under EU Regulation.
	≥ €100,000	Yes Make one application for a licence under both the Financial Restrictions (Iran) Order 2012 and the EU Regulation.
Personal Remittance	under €10,000	No Already authorised under General Licence 2 issued in relation to the Financial Restrictions (Iran) Order 2012; no licence required under EU Regulation, no requirement to notify the Treasury.
	€10,00 < €40,000	No but must notify the Treasury first Authorised under General Licence 2 issued in relation to the Financial Restrictions (Iran) Order 2012; no licence required under EU Regulation, but notification to the Treasury required under the EU Regulation.
	≥ €40,000	Yes Make one application for a licence under both the Financial Restrictions (Iran) Order 2012 and the EU Regulation.
Other payments (including trade, and all other licensable payments)	under €10,000	Yes Apply for a licence under the Financial Restrictions (Iran) Order 2012; no licence required under the EU Regulation.
	≥ €10,000	Yes Make one application for a licence under both the Financial Restrictions (Iran) Order 2012 and the EU Regulation.

General Licence

15. Please note that a general licence has been issued by the Treasury http://www.hm-treasury.gov.uk/d/fin_sanc_iran_general_licence1_241212.pdf which authorises under the new EU prohibition any transfer that has previously been authorised by the Treasury under the Financial Restrictions (Iran) Orders of 2011 and 2012. If you hold such a licence there is no need to resubmit an application for authorisation for the same transfer of funds under Article 30 of the 2012 Regulation.

- **Freezing of Funds and Economic Resources (Chapter IV to the 2012 Regulation)**

Central Bank of Iran

16. Article 28 of the 2012 regulation is replaced by a new Article 28, which allows competent authorities to authorise the release of certain frozen fund or economic resources of the Central Bank of Iran, after having determined that the funds or economic resources are

- (a) necessary for the purpose of providing credit or financial institutions with liquidity for the financing of trade, or the servicing of trade loans; or
- (b) necessary for the reimbursement of a claim due under a contract or agreement concluded by an Iranian person, entity or body before 16 October 2012 where such a contract or agreement provides for the reimbursement of outstanding amounts to persons, entities or bodies under the jurisdiction of Member States.

Other information

17. A copy of Council Regulation (EU) No 1263/2012 can be obtained on the Financial Sanctions pages of the Treasury Website at:

http://www.hm-treasury.gov.uk/d/fin_sanc_council_reg1263_241212.pdf

and from the Official Journal of the European Union website at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:356:0034:0054:EN:PDF>

18. Copies of relevant Releases, UN Security Council Resolutions, EU Regulations and UK legislation can be obtained from the Iran (nuclear proliferation) regime page on the financial sanctions pages of the Treasury website:

http://www.hm-treasury.gov.uk/fin_sanctions_iran_nuclear.htm.

Enquiries

1. Non-media enquiries, reports and licence applications should be addressed to:

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

HM Treasury

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