

**EXPLANATORY MEMORANDUM TO
THE SYRIA (EUROPEAN UNION FINANCIAL SANCTIONS) (AMENDMENT No.2)
REGULATIONS 2012**

2012 No. 2524

1. This explanatory memorandum has been prepared by the Treasury and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 These Regulations amend the Syria (European Union Financial Sanctions) Regulations 2012 (S.I. 2012/129) (“the 2012 Regulations”), which put in place penalties for breach of EU financial sanctions in relation to Syria. These Regulations implement Council Regulation (EU) No. 867/2012 of 24 September 2012 amending Regulation (EU) No. 36/2012 concerning restrictive measures in view of the situation in Syria (OJ L 257, 25.9.2012, p.1) (“the amending Council Regulation”). The amending Council Regulation reformulates certain derogations from the asset-freezing measures in respect of the Central Bank of Syria.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative context

4.1 These Regulations amend the 2012 Regulations. They reflect amendments made by the amending Council Regulation to Council Regulation (EU) No. 36/2012 concerning restrictive measures in view of the situation in Syria. These Regulations also revoke the Syria (European Union Financial Sanctions) (Amendment) Regulations 2012 (S.I. 2012/639).

4.2 The Foreign and Commonwealth Office have proceeded on the basis that the amending Council Regulation does not require to be subjected to Parliamentary scrutiny.

5. Territorial extent and application

5.1 This instrument applies to all of the United Kingdom and, outside the United Kingdom, to British citizens and those with a UK connection.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- What is being done and why

7.1 These Regulations amend the 2012 Regulations, which provide for penalties for breach of the asset freezing measures contained in Council Regulation (EU) No. 36/2012, imposed in view of the situation in Syria. The Council Regulation has direct effect, and requires Member States to put in place effective, proportionate and dissuasive penalties for infringements of the Council Regulation.

7.2 On 24 September 2012 the EU agreed additional restrictive measures against Syria, together with amendments to existing measures. These are contained in the amending Council Regulation.

7.3 The asset freezing measures in respect of the Central Bank of Syria are subject to derogations permitting certain transfers of funds or economic resources to and from the Central Bank of Syria connected to trade contracts and in order to provide financial institutions in the EU with liquidity for the financing of trade. The amending Council Regulation amends these derogations by reformulating them as licensing grounds. These Regulations amend the 2012 Regulations to reflect the amendments.

- Consolidation

7.4 There are no plans to consolidate the relevant legislation.

8. Consultation outcome

8.1 No consultation has been carried out in relation to these Regulations.

9. Guidance

9.1 Guidance on the asset freezing measures in relation to Syria is available on the Treasury's website. The Treasury's Asset Freezing Unit operates a free subscription email service alerting subscribers on changes to the asset freezing regime, and on other financial sanctions measures. A dedicated telephone line and email address are available for the financial sector and any other persons to submit queries on the asset freezing regime.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible because these Regulations do not themselves impose requirements but reflect amendments to derogations made by the amending Council Regulation.

10.2 The impact on the public sector is also negligible.

10.3 An Impact Assessment has not been prepared for this instrument, because any impact results from Council Regulation (EU) No. 36/2012 rather than these Regulations.

11. Regulating small business

11.1 The legislation applies to small business.

11.2 To minimise the impact of the requirements on firms employing up to 20 people, the Treasury work with the financial sector on the requirements for complying with the asset freezing measures set out in Council Regulation (EU) No. 36/2012. The Treasury have provided detailed guidance to assist business in complying with these measures.

12. Monitoring and review

12.1 The EU monitors and reviews its financial sanctions measures. The Treasury will review the penalties for breach of the restrictions imposed by Council Regulation (EU) No. 36/2012 if it is amended or repealed.

13. Contact

The Asset Freezing Unit at the Treasury Tel: 020 7270 5454 or email:
AFU@hmtreasury.gsi.gov.uk can answer any queries regarding the instrument.