
STATUTORY INSTRUMENTS

2012 No. 925

The Iran (European Union Financial
Sanctions) Regulations 2012

PART 1

General

Citation, commencement and application

1.—(1) These Regulations may be cited as the Iran (European Union Financial Sanctions) Regulations 2012 and shall come into force at 3.00 p.m. on 26th March 2012.

(2) An offence under these Regulations may be committed by conduct wholly or partly outside the United Kingdom by—

- (a) a UK national, or
- (b) a body incorporated or constituted under the law of any part of the United Kingdom.

(3) In paragraph (2)—

“conduct” includes acts and omissions;

“UK national” means—

- (a) a British citizen,
- (b) a British overseas territories citizen who acquired their citizenship from a connection with Gibraltar, or
- (c) a British subject under Part 4 of the British Nationality Act 1981 (British subjects)(1) with the right of abode in the United Kingdom.

Interpretation

2.—(1) In these Regulations—

“the 2000 Act” means the Financial Services and Markets Act 2000(2);

“the Council Regulation” means Council Regulation (EU) No. 267/2012 of 23 March 2012 concerning restrictive measures against Iran and repealing Regulation (EU) No. 961/2010, and a reference to an Annex to that Regulation is to be construed as a reference to that Annex as amended from time to time;

“designated person” means a person, entity or body listed in Annex VIII or IX to the Council Regulation;

(1) 1981 c.61. Part 4 was amended by the British Overseas Territories Act 2002 (c.8), section 1(1)(b) and the Nationality, Immigration and Asylum Act 2002 (c.41), sections 15 and 161, Schedule 2, paragraph 1(i) and Schedule 9.

(2) 2000 c.8.

“document” includes information recorded in any form and, in relation to information recorded otherwise than in legible form, references to its production include producing a copy of the information in legible form;

“relevant institution” means—

- (a) a person who has permission under Part 4 of the 2000 Act (permission to carry on regulated activities);
- (b) an EEA firm of the kind mentioned in paragraph 5(b) of Schedule 3 to the 2000 Act (EEA passport rights)⁽³⁾ which has permission under paragraph 15 of that Schedule⁽⁴⁾ (as a result of qualifying for authorisation under paragraph 12 of that Schedule⁽⁵⁾) to accept deposits; or
- (c) an undertaking which by way of business operates a currency exchange office, transmits money (or any representations of monetary value) by any means or cashes cheques which are made payable to customers.

(2) The definition of “relevant institution” in paragraph (1) must be read with—

- (a) section 22 of the 2000 Act (the classes of activity and categories of investment),
- (b) any relevant order under that section⁽⁶⁾, and
- (c) Schedule 2 to that Act (regulated activities).

(3) Any expression used both in these Regulations and in the Council Regulation has the meaning that it bears in the Council Regulation.

PART 2

Funds and Economic Resources

Freezing of funds and economic resources

3.—(1) A person (“P”) must not deal with funds or economic resources belonging to, or owned, held or controlled by, a designated person if P knows, or has reasonable cause to suspect, that P is dealing with such funds or economic resources.

(2) In paragraph (1) “deal with” means—

- (a) in relation to funds—
 - (i) use, alter, move, allow access to or transfer;
 - (ii) deal with the funds in any other way that would result in any change in volume, amount, location, ownership, possession, character or destination; or
 - (iii) make any other change that would enable use, including portfolio management; and
- (b) in relation to economic resources, exchange, or use in exchange, for funds, goods or services.

(3) Paragraph (1) is subject to regulation 9.

(3) As amended by [S.I. 2006/3221](#).

(4) As amended by the Enterprise Act 2002 (c.40), section 278(1), Schedule 25, paragraph 40(1) and (19)(a), the Consumer Credit Act 2006 (c.14), section 33(9) and by [S.I. 2003/2066](#) and [S.I. 2007/3253](#).

(5) As amended by [S.I. 2007/126](#) and [S.I. 2007/3253](#).

(6) [S.I. 2001/544](#) as amended, most recently by [S.I. 2011/2687](#).

Making funds available to a designated person

4.—(1) A person (“P”) must not make funds available, directly or indirectly, to a designated person if P knows, or has reasonable cause to suspect, that P is making the funds so available.

(2) Paragraph (1) is subject to regulations 8 and 9.

Making funds available for the benefit of a designated person

5.—(1) A person (“P”) must not make funds available to any person for the benefit of a designated person if P knows, or has reasonable cause to suspect, that P is making the funds so available.

(2) For the purposes of this regulation—

- (a) funds are made available for the benefit of a designated person only if that person thereby obtains, or is able to obtain, a significant financial benefit, and
- (b) “financial benefit” includes the discharge of a financial obligation for which the designated person is wholly or partly responsible.

(3) Paragraph (1) is subject to regulations 8 and 9.

Making economic resources available to a designated person

6.—(1) A person (“P”) must not make economic resources available, directly or indirectly, to a designated person if P knows, or has reasonable cause to suspect—

- (a) that P is making the economic resources so available, and
- (b) that the designated person would be likely to exchange the economic resources, or use them in exchange, for funds, goods or services.

(2) Paragraph (1) is subject to regulation 9.

Making economic resources available for the benefit of a designated person

7.—(1) A person (“P”) must not make economic resources available to any person for the benefit of a designated person if P knows, or has reasonable cause to suspect, that P is making the economic resources so available.

(2) For the purposes of this regulation—

- (a) economic resources are made available for the benefit of a designated person only if that person thereby obtains, or is able to obtain, a significant financial benefit, and
- (b) “financial benefit” includes the discharge of a financial obligation for which the designated person is wholly or partly responsible.

(3) Paragraph (1) is subject to regulation 9.

Credits to a frozen account

8.—(1) The prohibitions in regulations 4 and 5 are not contravened by a person who credits a frozen account with—

- (a) interest or other earnings due on the account, or
- (b) payments due under contracts, agreements or obligations that were concluded or arose before the account became a frozen account.

(2) The prohibitions in regulations 4 and 5 on making funds available do not prevent a relevant institution from crediting a frozen account where it receives funds transferred to the account.

(3) A relevant institution must inform the Treasury without delay if it credits a frozen account in accordance with paragraph (1)(b) or (2).

(4) In this regulation “frozen account” means an account with a relevant institution which is held or controlled (directly or indirectly) by a designated person.

Licences

9.—(1) The prohibitions in regulations 3 to 7 do not apply to anything done under the authority of a licence granted by the Treasury.

(2) A licence must specify the acts authorised by it and may be—

- (a) general or granted to a category of persons or to a particular person;
- (b) subject to conditions;
- (c) of indefinite duration or subject to an expiry date.

(3) The Treasury may vary or revoke a licence at any time.

(4) On the grant, variation or revocation of a licence, the Treasury must—

- (a) in the case of a licence granted to a particular person, give written notice of the grant, variation or revocation to that person,
- (b) in the case of a general licence or a licence granted to a category of persons, take such steps as the Treasury consider appropriate to publicise the grant, variation or revocation of the licence.

(5) A person commits an offence who, for the purpose of obtaining a licence, knowingly or recklessly—

- (a) provides information that is false in a material respect, or
- (b) provides or produces a document that is not what it purports to be.

(6) A person who purports to act under the authority of a licence but who fails to comply with any conditions included in the licence commits an offence.

PART 3

Restrictions on Transfers of Funds and on Financial Services

Transfers of funds

10.—(1) Subject to paragraph (2), a transfer of funds to or from an Iranian person, entity or body—

- (a) which is due on a transaction regarding foodstuffs, healthcare, medical equipment or for humanitarian purposes, and is of more than 10,000 euro, must have been notified in advance in writing to the relevant competent authority by the relevant person,
- (b) which is due on a transaction other than one referred to in sub-paragraph (a)—
 - (i) if it is of more than 10,000 euro but less than 40,000 euro, must be notified in advance in writing to the relevant competent authority by the relevant person, and
 - (ii) if it is of 40,000 euro or more, must have received prior authorisation from the relevant competent authority at the request of the relevant person.

(2) Paragraph (1) does not apply where an authorisation for the transfer has been granted by the Treasury under regulation 9, or by a competent authority of another Member State in accordance with Article 24, 25, 26, 27 or 28 of the Council Regulation.

(3) The relevant competent authority shall be deemed to have granted authorisation for the purposes of paragraph (1)(b)(ii) if, after the period of 28 days beginning with the day upon which the authority received a request for authorisation, the authority has not objected in writing to the transfer.

(4) Where paragraph (1) applies, a person (“P”) must not make a transfer of funds to, or receive a transfer of funds from, an Iranian person, entity or body other than in accordance with paragraph (1), if P knows or has reasonable cause to suspect that the transfer of funds is to or from such a person.

(5) For the purpose of this regulation—

“the relevant competent authority” is the competent authority of the Member State in which the relevant person is resident or established⁽⁷⁾; and

“the relevant person” is the payment service provider, payer or payee required in accordance with Article 30 of the Council Regulation to make a notification or seek an authorisation.

(6) In this regulation—

(a) a reference to an amount in euro includes a reference to the equivalent amount in another currency, and

(b) a reference to a transfer of funds of a particular amount includes a transfer executed in several operations which appear to be linked, as well as a transfer executed in a single operation.

Authorisations and notifications

11.—(1) An authorisation granted by the Treasury under regulation 10 may be—

(a) general or granted to a category of persons or to a particular person;

(b) subject to conditions;

(c) of indefinite duration or subject to an expiry date.

(2) The Treasury may vary or revoke an authorisation at any time.

(3) On the grant, variation or revocation of an authorisation, the Treasury must—

(a) in the case of an authorisation granted to a particular person, give written notice of the grant, variation or revocation to that person,

(b) in the case of a general authorisation or an authorisation granted to a category of persons, take such steps as the Treasury consider appropriate to publicise the grant, variation or revocation of the authorisation.

(4) A person commits an offence who, for the purpose of obtaining an authorisation or making a notification, knowingly or recklessly—

(a) provides information that is false in a material respect, or

(b) provides or produces a document that is not what it purports to be.

(5) A person who purports to act under an authorisation granted by the Treasury but who fails to comply with any conditions included in the authorisation commits an offence.

Financial messaging services

12.—(1) A person (“P”) must not supply specialised financial messaging services, which are used to exchange financial data, to a designated person if P knows, or has reasonable cause to suspect, that P is making the services so available.

(7) In the United Kingdom, the competent authority is the Treasury.

(2) The prohibition in paragraph (1) does not apply where an authorisation has been granted by a competent authority in accordance with Article 24, 25, 26, 27, 28 or 30 of the Council Regulation, or where funds are credited to a frozen account in accordance with Article 29 of the Council Regulation.

Branches and subsidiaries of Iranian credit and financial institutions

13.—(1) A branch or subsidiary established within the UK of a credit or financial institution domiciled in Iran must notify the Treasury in writing of all transfers of funds carried out or received by the branch or subsidiary.

(2) A notification under paragraph (1) must—

- (a) specify the names of the parties to the transaction, the amount of funds transferred, and the date of the transaction;
- (b) include the following information where it is available to the branch or subsidiary—
 - (i) the nature of the transaction;
 - (ii) the nature of any goods which are the subject of the transaction;
 - (iii) whether those goods are subject to Annex I, II, III, IV, VI, or VII of the Council Regulation;
 - (iv) where the export of goods is subject to authorisation, the number of the licence granted; and
- (c) be made within five working days after the day on which the transfer of funds is carried out or received by the branch or subsidiary.

(3) A person commits an offence who, for the purpose of making a notification under paragraph (1), knowingly or recklessly—

- (a) provides information that is false in a material respect, or
- (b) provides or produces a document that is not what it purports to be.

Credit and financial institutions: accounts and correspondent banking relationships

14.—(1) A credit or financial institution must not—

- (a) open a new bank account,
- (b) establish a new correspondent banking relationship, or
- (c) establish a new joint venture,

with a person falling within paragraph (2), if the credit or financial institution knows or has reasonable cause to suspect that the account, relationship or venture is with a person falling within paragraph (2).

(2) The following persons fall within this paragraph—

- (a) a credit or financial institution domiciled in Iran, including the Central Bank of Iran;
- (b) a branch or subsidiary, wherever located, of a credit or financial institution domiciled in Iran;
- (c) a credit or financial institution that is not domiciled in Iran but is controlled by a person or entity domiciled in Iran.

(3) A credit or financial institution must not—

- (a) open a new representative office in Iran, or
- (b) establish a new branch or subsidiary in Iran.

Agreements

15. A person (“P”) must not conclude an agreement for, or on behalf of, a person falling within regulation 14(2) which relates to the opening of a representative office or the establishment of a branch or subsidiary in the European Union, if P knows or has reasonable cause to suspect that the agreement is for, or on behalf of, such a person.

Acquisition or extension of ownership interest

16. A person falling within regulation 14(2) must not acquire or extend a participation, or acquire any other ownership interest, in a credit or financial institution.

Sale or purchase of bonds

17.—(1) A person (“P”) must not sell or purchase public or public-guaranteed bonds issued after 26th July 2010, directly or indirectly, to or from a person, entity or body falling within paragraph (4) if P knows or has reasonable cause to suspect that the sale or purchase is to or from such a person, entity or body.

(2) A person (“P”) must not provide brokering services with respect to public or public-guaranteed bonds issued after 26th July 2010 to a person, entity or body falling within paragraph (4) if P knows or has reasonable cause to believe that the services are being provided to such a person, entity or body.

(3) A person (“P”) must not assist a person, entity or body falling within paragraph (4) to issue public or public-guaranteed bonds, by providing—

- (a) brokering services;
- (b) advertising; or
- (c) any other service with respect to such bonds,

if P knows or has reasonable cause to suspect that P is assisting such a person, entity or body.

(4) The following persons, entities and bodies fall within this paragraph—

- (a) Iran and its Government, and its public bodies, corporations and agencies;
- (b) a credit or financial institution domiciled in Iran, including the Central Bank of Iran;
- (c) a branch or subsidiary, wherever located, of a credit or financial institution domiciled in Iran;
- (d) a credit or financial institution that is not domiciled in Iran but is controlled by a person or entity domiciled in Iran;
- (e) a person, entity or body acting on behalf of or at the direction of a legal person, entity or body falling within sub-paragraphs (a) to (d);
- (f) a legal person, entity or body owned or controlled by a person, entity or body falling within sub-paragraphs (a) to (e).

Insurance and reinsurance

18.—(1) A person (“P”) must not provide insurance or re-insurance to—

- (a) Iran or its Government, or its public bodies, corporations or agencies;
- (b) any other Iranian legal person, entity or body; or
- (c) a person, entity or body acting on behalf of or at the direction of a person, entity or body referred to in sub-paragraph (a) or (b),

if P knows or has reasonable cause to suspect that the insurance or reinsurance is being provided to such a person, entity or body.

(2) A person (“P”) must not provide brokering services in relation to the provision of any insurance or reinsurance prohibited under paragraph (1), if P knows or has reasonable cause to suspect that the services are so provided.

(3) The prohibitions in paragraph (1)(a) and (b) do not apply to—

- (a) the provision of compulsory or third party insurance or reinsurance to Iranian persons, entities or bodies based in the European Union, or
- (b) the provision of insurance for Iranian diplomatic or consular missions in the Union.

(4) The prohibition in paragraph (1)(c) does not apply to the provision of—

- (a) insurance, including health and travel insurance, to individuals (other than designated persons) acting in their private capacity, or
- (b) re-insurance relating to insurance falling within sub-paragraph (a).

(5) The prohibition in paragraph (1)(c) does not prevent the provision of insurance or re-insurance to the owner of a vessel, aircraft or vehicle which is chartered by a person, entity or body referred to in paragraph (1)(a) or (b).

(6) For the purposes of paragraph (1)(c), a person, entity or body does not act at the direction of a person, entity or body referred to in paragraph (1)(a) or (b) where the direction is for the purposes of docking, loading, unloading or safe transit of a vessel or aircraft temporarily in Iranian waters or airspace.

(7) The prohibition in paragraph (1) applies to the extension or renewal of an insurance or re-insurance agreement concluded before 27th October 2010, but, subject to regulations 4 to 7, does not apply to compliance with an insurance or reinsurance agreement concluded before that date.

PART 4

Offences

Contravention and circumvention of prohibitions

19.—(1) A person who contravenes any of the prohibitions in regulations 3 to 7, 10, 12 and 14 to 18, or fails to comply with a requirement of regulation 13, commits an offence.

(2) A person commits an offence who intentionally participates in activities knowing that the object or effect of them is (whether directly or indirectly)—

- (a) to circumvent any of the prohibitions in regulations 3 to 7, 10, 12 and 14 to 18, or a requirement of regulation 13, or
- (b) to enable or facilitate the contravention of any such prohibition or requirement.

Officers of a body corporate etc.

20.—(1) Where an offence under these Regulations committed by a body corporate—

- (a) is committed with the consent or connivance of any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, or
- (b) is attributable to any neglect on the part of any such person,

that person as well as the body corporate is guilty of the offence and is liable to be proceeded against and punished accordingly.

(2) In paragraph (1) “director”, in relation to a body corporate whose affairs are managed by its members, means a member of the body corporate.

(3) Paragraph (1) also applies in relation to a body that is not a body corporate, with the substitution for the reference to a director of the body of a reference—

- (a) in the case of a partnership, to a partner;
- (b) in the case of an unincorporated body other than a partnership—
 - (i) where the body’s affairs are managed by its members, to a member of the body;
 - (ii) in any other case, to a member of the governing body.

Penalties

21.—(1) A person guilty of an offence under regulation 9, 11, 13 or 19 is liable—

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or to both;
- (b) on summary conviction, to imprisonment for a term not exceeding three months or to a fine not exceeding the statutory maximum or to both.

(2) A person guilty of an offence under paragraph 1(5) or paragraph 4(1) of the Schedule is liable on summary conviction to imprisonment for a term not exceeding three months or to a fine not exceeding level 5 on the standard scale or to both.

Proceedings

22.—(1) Proceedings against any person for an offence under these Regulations may be taken before the appropriate court in the United Kingdom having jurisdiction in the place where that person is for the time being.

(2) In England and Wales an information relating to an offence that is triable by a magistrates’ court may be so tried if it is laid—

- (a) at any time within three years after the commission of the offence, and
- (b) within twelve months after the date on which evidence sufficient in the opinion of the prosecutor to justify the proceedings comes to the knowledge of the prosecutor.

(3) In Scotland—

- (a) summary proceedings for an offence may be commenced—
 - (i) before the end of twelve months from the date on which evidence sufficient in the Lord Advocate’s opinion to justify the proceedings came to the Lord Advocate’s knowledge, and
 - (ii) not later than three years after the commission of the offence; and
- (b) section 136(3) of the Criminal Procedures (Scotland) Act 1995⁽⁸⁾ (time limit for certain offences) applies for the purpose of this paragraph as it applies for the purpose of that section.

(4) In Northern Ireland summary proceedings for an offence may be instituted—

- (a) at any time within three years after the commission of the offence, and
- (b) within twelve months after the date on which evidence sufficient in the opinion of the prosecutor to justify the proceedings comes to the knowledge of the prosecutor.

(8) 1995 c.46.

(5) For the purposes of this regulation a certificate of the prosecutor (or, in Scotland, the Lord Advocate) as to the date on which such evidence as is referred to above came to their notice is conclusive evidence.

Consent to prosecution

23.—(1) Proceedings for an offence under these Regulations (other than for a summary offence) may not be instituted—

- (a) in England and Wales, except by or with the consent of the Attorney General,
- (b) in Northern Ireland—
 - (i) where the offence is committed wholly or partly outside Northern Ireland, except by or with the consent of the Advocate General for Northern Ireland;
 - (ii) for all other offences, except by or with the consent of the Director for Public Prosecutions for Northern Ireland.

(2) Nothing in paragraph (1) prevents—

- (a) the arrest of a person in respect of an offence under these Regulations, or
- (b) the remand in custody or on bail of any person charged with such an offence.

PART 5

Miscellaneous

Information provisions

24. The Schedule (which contains provisions concerning information gathering and disclosure) has effect.

Notices

25.—(1) This regulation has effect in relation to any notice to be given to a person by the Treasury under regulation 9 or 11.

(2) Any such notice may be given—

- (a) by posting it to the person's last known address, or
- (b) where the person is a body corporate, partnership or unincorporated body other than a partnership, by posting it to the registered or principal office of the body or partnership concerned.

(3) Where the Treasury do not have an address for the person, they must make arrangements for the notice to be given to the person at the first available opportunity.

The Crown

26.—(1) These Regulations bind the Crown.

(2) No contravention by the Crown of a provision of these Regulations makes the Crown criminally liable.

(3) The High Court or, in Scotland, the Court of Session may, on the application of a person appearing to the court to have an interest, declare unlawful any act or omission of the Crown that constitutes a contravention of a provision of these Regulations.

(4) Nothing in this regulation affects Her Majesty in her private capacity.

(5) Paragraph (4) is to be read as if section 38(3) of the Crown Proceedings Act 1947⁽⁹⁾ (meaning of Her Majesty in her private capacity) were contained in these Regulations.

Amendment

27. In section 63(1) of the Counter-Terrorism Act 2008 (application to set aside financial restrictions decision)⁽¹⁰⁾, after paragraph (ae) insert—

“(af) the Iran (European Union Financial Sanctions) Regulations 2012 (S.I. 2012/925),”.

Revocation and repeal

28.—(1) The following instruments are revoked—

- (a) the Iran (European Union Financial Sanctions) Regulations 2010⁽¹¹⁾, and
- (b) the Iran (European Union Financial Sanctions) (Amendment) Regulations 2012⁽¹²⁾.

(2) In section 63(1) of the Counter-Terrorism 2008 (application to set aside financial restrictions decision), paragraph (ab) (decision in connection with the 2010 Regulations) is repealed.

Saving

29.—(1) Any licence which was granted by the Treasury under—

- (a) regulation 10 of the Iran (European Community Financial Sanctions) Regulations 2007⁽¹³⁾, or
- (b) regulation 9 of the Iran (European Union Financial Sanctions) Regulations 2010,

and was in effect immediately before the coming into force of these Regulations shall have effect as if it were a licence granted by the Treasury under regulation 9 of these Regulations.

(2) The repeal by these Regulations of paragraph (ab) of section 63(1) of the Counter-Terrorism Act 2008 does not affect the continued operation of that paragraph in relation to any decision of the Treasury made before the coming into force of these Regulations.

Jeremy Wright
Angela Watkinson
Two of the Lords Commissioners of Her
Majesty’s Treasury

26th March 2012

⁽⁹⁾ 1947 c.44.

⁽¹⁰⁾ 2008 c.28. Section 63(1) was amended by S.I. 2010/1197, S.I. 2010/2937, S.I. 2011/605, S.I. 2011/1893 and S.I. 2011/2742.

⁽¹¹⁾ S.I. 2010/2937, amended by S.I. 2012/190.

⁽¹²⁾ S.I. 2012/190.

⁽¹³⁾ S.I. 2007/1374, amended by S.I. 2010/2613.