

EXPLANATORY MEMORANDUM TO
THE SYRIA (EUROPEAN UNION FINANCIAL SANCTIONS) (AMENDMENT NO.
2) REGULATIONS

2013 No. 1876

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 provide for enforcement of, and penalties for breaches of, EU financial sanctions in relation to Syria imposed by Council Regulation (EU) No. 36/2012 concerning restrictive measures in view of the situation in Syria (“the first Council Regulation”). These Regulations implement Council Regulation (EU) No. 697/2013 of 22 July 2013 amending Regulation (EU) No. 36/2012 (OJ L 198, 23.07.2013, p.28) (“the amending Council Regulation”). The amending Council Regulation amends the first Council Regulation by providing for the authorisation of derogations to prohibitions on the opening of new bank accounts with Syrian credit and financial institutions, the opening of representative offices in Syria, and the establishment of new branches or subsidiaries in Syria. These Regulations reflect this amendment by amending the 2012 Regulations to enable the Treasury to license such derogations to these prohibitions.
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 the first Council Regulation.
 - 4.2 The Foreign and Commonwealth Office wrote to the European Scrutiny Committee on 4 and 12 July 2013, requesting that the measures contained in the draft amending Council Regulation be considered. The Committee was not able to scrutinise the instrument ahead of its adoption because of the commencement of the summer recess. The amending Council Regulation will be considered by the Committee on 4 September 2013.
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**

6.1 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 enforcement of, and penalties for breaches of, the financial sanctions measures contained in the first Council Regulation, imposed in view of the situation in Syria. The first Council Regulation has direct effect, and requires Member States to put in place effective, proportionate and dissuasive penalties for infringements of the first Council Regulation.

7.2 There are prohibitions in Article 25 of the first Council Regulation on credit institutions opening a new bank account with Syrian credit and financial institutions, on opening a new representative office in Syria, and on establishing a new branch or subsidiary in Syria. These prohibitions are reflected in regulation 12(1)(a) and (2) of the 2012 Regulations. On 22 July 2013 the EU adopted the amending Council Regulation which provided that derogations to these prohibitions could be authorised in certain circumstances by Member State competent authorities. A licensing ground was inserted into the first Council Regulation as Article 25a by the amending Council Regulation. Provided certain other conditions are satisfied, derogations can be granted under Article 25a where the competent authority has determined that it is reasonable to conclude that the activities concerned are for the purpose of providing assistance to the Syrian civilian population, in particular in view of meeting humanitarian concerns, assisting in the provision of basic services, reconstruction or restoring economic activity, or other civilian purposes.

7.3 These Regulations amend the 2012 Regulations to reflect the amendment made by the amending Council Regulation to the first Council Regulation, by enabling derogations to the prohibitions in regulation 12(1)(a) and (2) to be licensed by the Treasury.

- 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 Financial Sanctions team 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 financial sanctions 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 the amendment 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 (and none was prepared for the 2012 Regulations), because any impact results from the first Council Regulation rather than these Regulations or the 2012 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 financial sanctions measures set out in the first Council Regulation. 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 the first Council Regulation if it is amended or repealed.

13. Contact

Financial Sanctions at the Treasury Tel: 020 7270 5454 or email: FinancialSanctions@hmtreasury.gsi.gov.uk can answer any queries regarding the instrument.