
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under the Sanctions and Anti-Money Laundering Act 2018 (c. 13) to establish a sanctions regime in relation to Iran for the purpose of encouraging the Government of Iran to comply with international human rights law and to respect human rights and to deter the Government of Iran or an armed group backed by the Government of Iran from conducting hostile activity against the United Kingdom and other countries.

The Regulations revoke and replace the Iran (Sanctions) (Human Rights) (EU Exit) Regulations 2019.

Part 2 of the Regulations confers a power on the Secretary of State to designate persons who are, or have been, involved in the commission of serious human rights violations or abuses in Iran or involved in hostile activity against the United Kingdom and other countries for the purposes of financial, director disqualification, immigration or shipping sanctions.

Part 3 of the Regulations provides for designated persons to be made subject to financial sanctions, including having their funds and/or economic resources frozen.

Part 4 of the Regulations provides for designated persons to be made subject to director disqualification sanctions for the purpose of disqualifying those persons from being a director of a company or directly or indirectly taking part in or being concerned in the promotion, formation or management of a company.

Part 5 of the Regulations provides that designated persons are “excluded persons” for the purposes of section 8B of the Immigration Act 1971 (c. 77), meaning generally that they must be refused leave to enter the United Kingdom and leave to remain in the United Kingdom, and any leave that has been granted is invalid.

Part 6 of the Regulations imposes trade restrictions on specified goods and technology which may be used to repress the civilian population of Iran (as specified in Schedule 2 to these Regulations) and on specified goods and technology (as specified in Schedule 3 to these Regulations) which may be used for interception and monitoring services in Iran. A further trade sanction that is imposed by these Regulations is to prohibit the provision of interception and monitoring services to, or for the benefit of, the Government of Iran. Part 6 also imposes trade restrictions on specified goods and technology which may be used by Iran to build and improve their unmanned aerial vehicle systems (as specified in Schedule 4 to these Regulations).

Part 7 of the Regulations prohibits ships owned, controlled, chartered or operated by a designated person, or where they are a specified ship, from entering ports in the United Kingdom. There is a notification and publicity requirement where the specification power is used. The Regulations provide the Secretary of State with a power to control the movement of ships owned, controlled, chartered or operated by a designated person, or specified ships, by requiring them to leave or enter specified ports, proceed to a specified place or remain where they are. The Regulations also confer powers on the Secretary of State and harbour authorities to detain ships owned, controlled, chartered or operated by a designated person, or specified ships, at ports or anchorages. The registration of ships on the UK Ship Register is prohibited where they are owned, controlled, chartered or operated by a designated person, or where they are a specified ship.

Part 8 of the Regulations provides for certain exceptions to this sanctions regime, in particular in relation to financial sanctions (for example to allow for frozen accounts to be credited with interest or other earnings) and also acts done for the purpose of national security or the prevention of

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serious crime. The Regulations also confer powers on the Secretary of State and the Treasury to issue licences in respect of activities that would otherwise be prohibited under the financial, director disqualification and trade sanctions imposed. Schedule 5 to these Regulations sets out the purposes pursuant to which the Treasury will issue such licences.

Part 9 of the Regulations confers powers for obtaining and disclosing information to enable the effective implementation and enforcement of the sanctions regime, and imposes obligations on various persons to report relevant information to the appropriate (specified) authorities. In Part 10, the Regulations prescribe the mode of trial and penalties that apply to offences under the Regulations. They also provide for the application of similar types of provision in the Customs and Excise Management Act 1979 (c. 2) to certain offences related to trade.

Part 11 of the Regulations confers powers on specified maritime enforcement officers to stop and search ships in international and foreign waters for the purpose of enforcing specified trade sanctions and to seize goods found on board ships which are being, or have been, dealt with in contravention, or deemed contravention, of those prohibitions.

Part 12 of the Regulations contains supplementary provision, including transitional provision for licences issued under previous legislation to continue to have effect and, where the designated person was previously designated under another enactment, for the provisions relating to prior obligations to be read in accordance with the date that the designated person was first designated. Existing designations made under the Iran (Sanctions) (Human Rights) (EU Exit) Regulations 2019 are saved and treated as made under regulation 5 of these Regulations.

A full impact assessment has not been produced for the Regulations as no, or no significant, impact is foreseen on the private, voluntary or public sectors in the United Kingdom. A de minimis assessment has been prepared as this instrument is likely to entail some costs for businesses, but the net impact is estimated to be below £10 million per year.

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