



Financial Sanctions Supplement

27 July 2010

Supplement to Notification on Iran of 27 July 2010

Bank Saderat Iran, its branches and subsidiary Bank Saderat PLC.

Persia International Bank Plc

This Supplement should be read in conjunction with the Notification issued today by HM Treasury in respect of the financial measures taken against Iran.

This Supplement deals specifically with the asset freeze imposed by the European Union in respect of Bank Saderat Iran, its branches and subsidiary Bank Saderat PLC and Persia International Bank Plc.

1. With the publication of Council Implementing Regulation (EU) No 668/2010 ('Regulation 668/2010') implementing Article 7(2) of Council Regulation (EU) No 423/2007 ('Regulation 423/2007') on 27 July 2010, the Council of the European Union has amended Annex V to Regulation 423/2007.
2. Article 7(2) of Regulation 423/2007 provides for the Council to identify persons, not designated by the United Nations Security Council or by the Sanctions Committee established pursuant to paragraph 18 of UNSCR 1737(2006), as subject to the financial sanctions imposed by Regulation 423/2007. Such persons are listed in Annex V to Regulation 423/2007.
3. As a result of Regulation 668/2010, Annex V includes Bank Saderat Iran, its branches and its UK subsidiary Bank Saderat PLC. Annex V also includes UK-based Persia International Bank Plc. The financial sanctions apply to Persia International Bank Plc's Dubai branch. Bank Saderat Iran, Bank Saderat PLC and Persia International Bank Plc are, therefore, 'designated persons'.
4. Regulation 423/2007 is given further effect to in the UK by the Iran (European Communities Financial Sanctions) Regulations 2007 ("the UK Iran Regulations"). Under regulation 6 of the UK Iran Regulations it is a criminal offence for any person (including the designated person)

to deal with funds and economic resources owned, held or controlled by a designated person. Under regulation 7 it is a criminal offence to make funds or economic resources available, directly or indirectly, to or for the benefit of a designated person.

5. All financial institutions and other bodies and persons in the UK are requested to check whether they maintain any accounts or otherwise hold any funds for Bank Saderat Iran, Bank Saderat PLC or Persia International Bank Plc and, if so, they should report to the Treasury details of all funds or economic resources that they have frozen in accordance with Article 7 of Regulation 423/2007. They must also provide the Treasury with all relevant information necessary to facilitate compliance with Regulation 423/2007.

EXEMPTIONS TO THE ASSET FREEZE

Payments from a person to Bank Saderat PLC or Persia International Bank Plc under contracts concluded before 27 July 2010

6. The asset freeze in Regulation 423/2007 does not apply to payments due under a contract, agreement or obligation which was concluded or arose before the date of designation if payment is made into a frozen account. The exception that already appears in regulation 8 of the UK Iran Regulations allows payments for any contracts, agreements or obligations that were concluded or arose prior to 23 December 2006. Annex I to the Notification published today provides a licence from HM Treasury to extend the date of those contracts, agreements or obligations to which the exception applies to those concluded or which arose before 27 July 2010 where a person has been added to Annex V of Regulation 423/2007 by virtue of Regulation No 668/2010.

Payment must be made into a frozen account with a relevant institution which is held or controlled by a designated person. A relevant institution is defined in regulation 2 of the UK Iran Regulations.

If your payment fits into this category you do not need to apply to the Treasury for a licence.

Financial institutions crediting frozen accounts

7. Article 11 of Regulation 423/2007 states that the prohibition on making funds or economic resources available directly or indirectly to or for the benefit of designated persons:
 - shall not prevent financial or credit institutions in the Community from crediting frozen accounts where they receive funds transferred by third parties to the account of a designated person provided that any such additions to those accounts are also frozen; and

- does not apply to interest or other earnings on frozen accounts provided that such interest or other earnings are also frozen.

LICENCES – BANK SADERAT PLC AND PERSIA INTERNATIONAL BANK PLC

8. HM Treasury are able to grant licences to exempt payments from the asset freeze, allowing payments to and from Bank Saderat PLC and Persia International Bank Plc in certain circumstances, as follows:

Payments due from Bank Saderat PLC and Persia International Bank Plc under contracts concluded before 27 July 2010

9. Payments from Bank Saderat PLC or Persia International Bank Plc under a contract, agreement or obligation concluded before 27 July 2010 (a prior contract) may be made if licensed by HM Treasury. HM Treasury may grant a licence as set out in Article 9 of Regulation 423/2007 once they have determined that:
- (i) the funds or economic resources shall be used for a payment by a designated person;
 - (ii) the contract, agreement or obligation will not contribute to the manufacture, sale, purchase, transfer export, import, transport or use of goods and technology listed in Annexes I and II of Regulation 423/2007 (proliferation-sensitive nuclear activities); and
 - (iii) the payment is not made available, directly or indirectly, to or for the benefit of a designated person.

Payments are therefore subject to a vetting procedure before a licence can be granted.

The main categories of payments that fall within the prior contracts exemption are set out below.

Payments due to depositors with Bank Saderat PLC or Persia International Bank Plc

10. HM Treasury are notifying the European Commission that they intend to issue Bank Saderat PLC and Persia International Bank Plc with a licence to make payments to depositors subject to the provisions of paragraph 9 above. HM Treasury will be liaising with Bank Saderat PLC and Persia International Bank Plc as to the procedure to be put in place for those depositors who may wish to make withdrawals from their accounts. A further notice will be issued in the next few days.

Payments due from Bank Saderat PLC or Persia International Bank Plc under letters of credit or other trade finance transactions

11. HM Treasury are notifying the European Commission that they intend to allow payments under prior contracts, including letters of credit, where HM Treasury are satisfied that the conditions in Article 9 of Regulation 423/2007 set out above are met.
- Applications for payment from persons holding a letter of credit with Bank Saderat PLC, should be made to HM Treasury using the licence application form in Annex I to this Supplement.
 - Applications for payment from persons holding a letter of credit with Persia International Bank Plc, including its Dubai branch, should be made to HM Treasury using the licence application form in Annex II to this Supplement
12. HM Treasury intend to prioritise letters of credit under which payment has become, or is shortly to become, due. You may wish to alert the Asset Freezing Unit if your payment is urgent. Once an application form and supporting documents have been reviewed, further information may be required on a case-by-case basis from the relevant parties.
13. It is not an offence to present Bank Saderat PLC or Persia International Bank Plc with a letter of credit, bill of lading, bill of sale, document providing evidence of an interest in funds or financial resources or any other instrument of export financing relating to a contract entered into before 27 July 2010. It is the payment out under the letter of credit that requires the licence.

Payments due from Bank Saderat PLC or Persia International Bank Plc to staff and suppliers

14. HM Treasury is notifying the European Commission that it intends to issue a licence to both Bank Saderat PLC and Persia International Bank Plc to make payments required in the normal course of business to its staff and suppliers.

LICENCES – BANK SADERAT IRAN

15. HM Treasury are able to grant licences to exempt payments from the asset freeze, allowing payments to and from Bank Saderat Iran in certain circumstances, as follows:

Payments due from Bank Saderat Iran under letters of credit

16. Applications for payment from persons holding a letter of credit issued by Bank Saderat Iran before 27 July 2010 should be made to HM Treasury using the licence application form in Annex I to this Supplement. This is to ensure that there is no issue as to an unwitting

circumvention of the prohibitions by a UK person where such person receives monies from Bank Saderat Iran.

LICENCES ISSUED BY COMPETENT AUTHORITIES FROM ANOTHER EUROPEAN ECONOMIC AREA

17. There may be circumstances where UK companies or individuals receive a licence from another European Economic Area ("EEA") competent authority to deal with funds or economic resources of Bank Saderat Iran, Bank Saderat PLC or Persia International Bank Plc. Should this occur the UK company or individual should contact the Treasury to establish whether a further licence under the UK Iran Regulations is required. Contact details are provided in paragraph 18 below.

APPLICATIONS AND TIMING

18. All licence applications by those with letters of credit should be made to the Asset Freezing Unit using the application form in Annex I or II to this Supplement.

- By post: Asset Freezing Unit
 HM Treasury
 1 Horse Guards Road
 London SW1A 2HQ
- By email: AFU@hmtreasury.gsi.gov.uk
- By fax: 020 7451 7677

Relevant documentation such as copies of letters of credit or invoices should be attached.

The licence application forms for completion by those with letters of credit are provided in Annexes I and II to this Supplement and also on the Financial Sanctions pages of the Treasury website at: http://www.hm-treasury.gov.uk/fin_sanctions_iran.htm#laf

19. Queries about licences should be directed to the Asset Freezing Unit using the contact details above or by phone to 020 7270 5454.

20. HM Treasury are unable to provide an exact time frame for dealing with applications for licences. HM Treasury are conscious of the financial implications of delay for businesses and will endeavour to process applications as quickly as possible.

INFORMATION

21. It is an offence under the UK Iran Regulations knowingly or recklessly to make any statement or furnish any document or information that is false in any material particular, for the purpose of obtaining a licence.

22. A licence issued by HM Treasury has effect in relation to UK law, as set out in the UK Iran Regulations. If the anticipated payment is originating from or passing through another

jurisdiction, applicants should also contact the competent authorities of those jurisdictions in order to seek any other exemptions that might be required.

MISCELLANEOUS

23. Details of Council Implementing Regulation (EU) No 668/2010, Council Regulation (EU) No 423/2007 and previous related releases, together with a consolidated list of individuals and entities subject to these and other UK financial sanctions regimes are available from the Financial Sanctions pages of the Treasury website at:

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

24. All media enquiries should be directed to the Treasury's Press Office on 020 7270 4558.

HM Treasury
27/07/2010

ANNEX I



HM TREASURY

Asset Freezing Unit
HM Treasury
1 Horse Guards Road
London SW1A 2HQ
Telephone: 020 7270 5454
Fax: 020 7451 7677
Email: AFU@hmtreasury.gsi.gov.uk
Website: www.hm-treasury.gov.uk

LICENCE APPLICATION

Payments due under prior contracts with Bank Saderat PLC or Bank Saderat Iran (Letters of Credit only)

Please complete Sections 1 and 2 below.

The completed application form should be submitted to the Asset Freezing Unit at the above address either by email, fax or post. Please also provide any additional information in support of your application, such as copies of letters of credit, invoices etc.

Section 1 – Details of Applicant

Date of application	
Prior contract with (Delete as appropriate)	Bank Saderat PLC Bank Saderat Iran
Name of applicant (Individual / Company Name)	
Nature of business	
Address	
Contact Name	
Telephone number	
Email address	

Section 2 – Letter of Credit Licence

To be completed by applicants with letters of credit with Bank Saderat PLC or Bank Saderat Iran.

Reason for application	
Issuing Bank	
Advising Bank	
Confirming Bank	



Letter of credit number(s) (Please provide copies of letters of credit)						
Amount of letter of credit						
Date of letter of credit						
Date of letter of credit expiry						
Did you apply for an export licence for the goods referred to in the letter of credit?			Yes		No	
If you have not applied for an export licence please give reasons. If you have confirmation that no licence is required, please supply evidence						
Export licence number (Please supply copy of licence)						
Export licence issued by	UK		Other EU country		Outside EU	
Exporter of goods						
Importer of goods						
Description of goods covered by letter of credit						
Place of origin						
Final destination of goods (include any transshipment locations)						
Value of goods						

Name	Signature	Date



ANNEX II



HM TREASURY

Asset Freezing Unit
HM Treasury
1 Horse Guards Road
London SW1A 2HQ
Telephone: 020 7270 5454
Fax: 020 7451 7677
Email: AFU@hmtreasury.gsi.gov.uk
Website: www.hm-treasury.gov.uk

LICENCE APPLICATION

Payments due under prior contracts with Persia International Bank Plc (Letters of Credit only)

Please complete Sections 1 and 2 below.

The completed application form should be submitted to the Asset Freezing Unit at the above address either by email, fax or post. Please also provide any additional information in support of your application, such as copies of letters of credit, invoices etc.

Section 1 – Details of Applicant

Date of application	
Prior contract with (Delete as appropriate)	
Name of applicant (Individual / Company Name)	
Nature of business	
Address	
Contact Name	
Telephone number	
Email address	

Section 2 – Letter of Credit Licence

To be completed by applicants with letters of credit with Persia International Bank Plc.

Reason for application	
Issuing Bank	
Advising Bank	
Confirming Bank	



Letter of credit number(s) (Please provide copies of letters of credit)						
Amount of letter of credit						
Date of letter of credit						
Date of letter of credit expiry						
Did you apply for an export licence for the goods referred to in the letter of credit?			Yes		No	
If you have not applied for an export licence please give reasons. If you have confirmation that no licence is required, please supply evidence						
Export licence number (Please supply copy of licence)						
Export licence issued by	UK		Other EU country		Outside EU	
Exporter of goods						
Importer of goods						
Description of goods covered by letter of credit						
Place of origin						
Final destination of goods (include any transhipment locations)						
Value of goods						

Name	Signature	Date

