

UNITED NATIONS ACT 1946

IRAN

This Notice draws attention in convenient form to the Order in Council, made under the United Nations Act 1946, which places financial sanctions in relation to Iran. This Notice provides guidance on certain aspects only of the Order in Council and should be read alongside the Order in Council.

HM Treasury has appointed the Bank of England to act as its agent for the purposes of administering the financial sanctions against Iran. Accordingly, certain powers have been delegated by HM Treasury to the Bank of England.

INTRODUCTION

1. On 23 December 2006 the United Nations Security Council adopted Resolution 1737 (2006) which, inter alia, required member states to freeze the funds, other financial assets and economic resources of persons designated in the Annex to that resolution, as well as by the Committee established by paragraph 18 of Resolution 1737 (2006) (the “UN Committee”) or by the Security Council as being engaged in, directly associated with or providing support for Iran’s proliferation sensitive nuclear activities or the development of nuclear weapon delivery systems, or persons or entities acting on their behalf or at their direction, or entities owned or controlled by them, including through illicit means. For ease of reference the names of those listed in the Annex to Resolution 1737 (2006) are listed in the Annex to this Notice.
2. The Iran (Financial Sanctions) Order 2007 (S.I. 2007/281), (the “Order”), came into force on 9 February 2007. The Order gives effect in the UK to United Nations Security Council Resolution 1737 (2006).
3. The relevant articles of the Order apply to any person in the United Kingdom or by any person elsewhere who is:
 - (a) a British citizen, a British overseas territories citizen, a British Overseas citizen, a British subject, a British National (Overseas) or a British protected person; or
 - (b) a body incorporated or constituted under the law of any part of the United Kingdom or a Scottish partnership.

The Order therefore applies to banks, financial institutions, charitable organisations and non-governmental organisations, in the United Kingdom or established under UK Law. The Order does not apply to subsidiaries operating wholly outside the United Kingdom and which do not have legal personality under UK Law.

Designated Persons

4. For the purposes of the Order a designated person is:
 - a) Any person designated in accordance with Security Council Resolution 1737 (2006) -
 - (i) in the Annex to the Resolution;
 - (ii) by the Security Council; or
 - (iii) by the Sanctions Committee; and
 - b) Any person identified in a direction given by the Treasury under article 4(1) of the Order.

Treasury's power to designate persons

5. Article 4(1) of the Order states that the Treasury may give a direction that a person identified in the direction is designated for the purposes of the Order provided the Treasury have reasonable grounds for suspecting that the person is or may be:
 - (a) a person designated in accordance with Security Council Resolution 1737 (2006) -
 - (i) in the Annex to the Resolution;
 - (ii) by the Security Council;
 - (iii) by the Sanctions Committee;
 - (b) a person acting on behalf of or at the direction of a designated person; or
 - (c) a person owned or controlled by a designated person.

Definition of funds

6. For the purposes of the Order "funds" means financial assets and benefits of every kind, including (but not limited to):
 - (i) cash, cheques, claims on money, drafts, money orders and other payment instruments;
 - (ii) deposits with financial institutions or other entities, balances on accounts, debts and debt obligations;
 - (iii) securities and debt instruments (including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures, debenture stock and derivative contracts);
 - (iv) interest, dividends or other income on or value accruing from or generated by assets;
 - (v) credit, rights of set-off, guarantees, performance bonds or other financial commitments;
 - (vi) letters of credit, bills of lading, bills of sale;
 - (vii) documents evidencing an interest in funds or financial resources;
 - (viii) any other instrument of export financing.

"Economic resources" means assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but can be used to obtain funds, goods or services.

Freezing funds and economic resources of designated persons

7. A person (including the designated person) must not deal with funds or economic resources owned, held or controlled, directly or indirectly, by a designated person. All funds and economic resources that are owned, held or

controlled, directly or indirectly, by a designated person held by banks, building societies, stockbrokers, solicitors, accountants, etc must be frozen. No funds or economic resources may be made available directly or indirectly to or for the benefit of the designated persons except under the authority of a licence granted by the Treasury.

8. In this context, “deal with” funds means use, alter, move, allow access to, transfer, or deal with in any other way that would result in any change in volume, amount, location, ownership, possession, character or destination; or make any other change that would enable the funds to be used, including portfolio management.
9. In this context, “deal with” economic resources means preventing the use of economic resources to obtain funds, goods or services in any way, including, but not limited to, by selling, hiring or mortgaging them.
10. No payment or transfer may be made from a frozen account, including to another frozen account, without prior authorisation. This includes (a) the deduction of fees or service charges for routine holding or maintenance of frozen accounts or (b) loans and other forms of credit which should not be made available to listed persons.

Interest and other payments

11. Under the Order interest or other earnings due on frozen accounts or payments due under contracts, agreements or obligations that were concluded or arose prior to the date on which financial sanctions were imposed may be added to frozen accounts provided that any such interest, other earnings or payments continue to be frozen.

Exemptions

12. Subject to approval by the UN Committee, HM Treasury are able to authorise the release of certain frozen funds or economic resources or the making available of certain frozen funds or economic resources, if it has determined that the funds or economic resources concerned are:
 - (a) necessary for basic expenses, including payments for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges;
 - (b) intended exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services;
 - (c) intended exclusively for payment of fees or service charges for routine holding or maintenance of frozen funds or economic resources;
 - (d) necessary for extraordinary expenses.
13. HM Treasury are also able to grant a licence to disapply the financial sanctions (in whole or in part) in the following circumstances:

- (a) where the funds or economic resources are subject of a judicial, administrative or arbitral lien or judgement established prior to 23 December 2006 or of a judicial, administrative or arbitral judgment rendered prior to that date;
- (b) where the funds or economic resources are necessary for activities directly related to items specified in sub-paragraphs (3)(b)(i) and (ii) of Security Council Resolution 1737;
- (c) where payments are due from a designated person under a non-prohibited contract entered into prior to the designated person's listing.

Provision of information

14. All financial institutions and other bodies and persons in the UK are required to inform the Bank of England of all funds or economic resources that they have frozen in accordance with the Order. They must also provide the Bank of England with all relevant information necessary for ensuring compliance with the Order.

Enquiries

15. Enquiries concerning this Notice should be addressed to the Bank of England, Threadneedle Street, London, EC2R 8AH and marked for the attention of the Financial Sanctions Unit. Enquiries may also be made by facsimile transmission (020 7601 4309), by telephone (020 7601 4768/5811/4783/4328) or by email (sanctions.unit@bankofengland.co.uk).

BANK OF ENGLAND
9 February 2007

ANNEX

[This Annex details the names of those listed in the Annex to United Nations Security Council Resolution 1737 (2006)]

IRAN

Individuals

- 1. AGHA-JANI, Dawood**
Position: Head of the PFEP (Natanz)
Other Information: Person involved in the nuclear programme
- 2. ASGARPOUR, Behman**
Position: Operational Manager (Arak)
Other Information: Person involved in the nuclear programme
- 3. BAHMANYAR, Bahmanyar, Morteza**
Position: Head of Finance and Budget Department, AIO
Other Information: Person involved in the ballistic missile programme
- 4. DASTJERDI, Ahmad, Vahid**
Position: Head of the AIO
Other Information: Person involved in the ballistic missile programme
- 5. ESMAELI, Reza-Gholi**
Position: Head of Trade and International Affairs Department, AIO
Other Information: Person involved in the ballistic missile programme
- 6. LEILABADI, Ali, Hajinia**
Position: Director General of Mesbah Energy Company
Other Information: Person involved in the nuclear programme
- 7. MOHAMMADI, Jafar**
Position: Technical Advisor to the AEOI
Other Information: Person involved in the nuclear programme. In charge of managing the production of valves for centrifuges
- 8. MONAJEMI, Ehsan**
Position: Construction Project Manager (Natanz)
Other Information: Person involved in the nuclear programme
- 9. NOURI, Mohammad, Mehdi, Nejad**
Title: Lieutenant General
Position: Rector of Malek Ashtar University of Defence Technology
Other Information: Person involved in the nuclear programme. Chemistry Dept, affiliated to MODALF, has conducted experiments on beryllium
- 10. QANNADI, Mohammad**
Position: AEOI Vice President for Research and Development
Other Information: Person involved in the nuclear programme

11. SAFAVI, Yahya, Rahim

Title: Major General

Position: Commander, IRGC (Pasdaran)

Other Information: Person involved in both the nuclear and ballistic missile programmes

12. SALIMI, Hosein

Title: General

Position: Commander of the Air Force, IRGC (Pasdaran)

Other Information: Person involved in the ballistic missile programme

Entities

1. 7TH OF TIR

Other Information: Entity involved in the nuclear programme. Subordinate of DIO, widely recognised as being directly involved in the nuclear programme

2. ATOMIC ENERGY ORGANISATION OF IRAN

Other Information: Entity involved in the nuclear programme

3. DEFENCE INDUSTRIES ORGANISATION

Other Information: Entity involved in the nuclear programme. Overarching MODAFL-controlled entity, some of whose subordinates have been involved in the centrifuge programme making components, and in the missile programme

4. FAJR INDUSTRIAL GROUP

f.k.a: Instrumentation Factory Plant

Other Information: Entity involved in the ballistic missile programme. Subordinate entity of AIO

5. FARAYAND TECHNIQUE

Other Information: Entity involved in the nuclear programme. Involved in centrifuge programme, identified in IAEA reports

6. KALA-ELECTRIC

a.k.a: Kalaye Electric

Other Information: Entity involved in the nuclear programme. Provider for PFEP - Natanz

7. MESBAH ENERGY COMPANY

Other Information: Entity involved in the nuclear programme. Provider for A40 research reactor - Arak

8. PARS TRASH COMPANY

Other Information: Entity involved in the nuclear programme. Involved in centrifuge programme, identified in IAEA reports

9. SHAHID BAGHERI INDUSTRIAL GROUP

a.k.a: SBIG

Other Information: Entity involved in the ballistic missile programme.
Subordinate entity of AIO

10. SHAHID HEMMAT INDUSTRIAL GROUP

a.k.a: SHIG

Other Information: Entity involved in the ballistic missile programme.
Subordinate entity of AIO

END

9 February 2007