

COUNCIL REGULATION (EC) NO 817/2006

BURMA/MYANMAR

Legislative Background

1. On 22 May 2000 the Council of the European Union adopted Council Regulation (EC) No 1081/2000 which, inter alia, had the effect of freezing the funds, financial assets and economic resources of certain individuals related to important governmental functions in Burma.
2. On 26 April 2004 the Council of the European Union adopted Council Regulation (EC) No 798/2004 which replaced Council Regulation (EC) No 1081/2000 following its expiry on 29 April 2004.
3. On 25 October 2004 the Council of the European Union adopted Council Regulation (EC) No 1853/2004 which amended Council Regulation (EC) No 798/2004 to introduce a ban on the financing of certain Burmese state-owned enterprises.

Amending Legislation

4. On 29 May 2006 the Council of the European Union adopted Council Regulation (EC) No 817/2006 which replaced Council Regulation (EC) No 798/2004. Annexes III and IV to Council Regulation (EC) No 817/2006 replaced the lists of targeted persons and state-owned enterprises subject to the financial sanctions regime that were in Annexes III and IV to Council Regulation (EC) No 798/2004 as amended. Council Regulation (EC) No 817/2006 was published in the Official Journal of the European Union on 2 June 2006 (O.J. L148, 2.6.2006, p.1).
5. A copy of Council Regulation (EC) No 817/2006 can be found on the Bank of England's website:
<http://www.bankofengland.co.uk/publications/financialsanctions/index.htm>

Targeted Accounts

6. Article 6 of Council Regulation (EC) No 817/2006 provides that:

- (a) all funds and economic resources belonging to, owned or controlled by persons listed in Annex III to the Regulation must be frozen; and
 - (b) no funds or economic resources may be made available, directly or indirectly, to or for the benefit of persons listed in Annex III to the Regulation;
 - (c) the participation, knowingly and intentionally, in activities the object or effect of which is, directly or indirectly, to promote the transactions referred to in (a) and (b) above shall be prohibited.
7. The requirements in Article 6 must be given effect by anyone who holds the funds or economic resources to which the restriction applies, including banks, building societies, stockbrokers, solicitors and accountants.

Ban on financing

8. (a) The granting of any financial loan or credit to Burmese state-owned enterprises as listed in Annex IV to Council Regulation (EC) No 817/2006, or the acquisition of bonds, certificates of deposit, warrants or debentures, issued by these enterprises,
- (b) The acquisition or extension of a participation in Burmese state-owned enterprises as listed in Annex IV to Council Regulation (EC) No 817/2006, including the acquisition in full of such enterprises and the acquisition of shares and securities of a participating nature shall be prohibited.
- (c) The participation, knowingly and intentionally, in activities, the object or effect of which is, directly or indirectly, to circumvent the provisions in (a) or (b) above shall also be prohibited.
9. The prohibition set out in paragraph 8 shall be without prejudice to the execution of trade contracts for the supply of goods or services on usual commercial payment conditions and the usual supplementary agreements in connection with the execution of these contracts such as export credit insurances.
10. The provisions of paragraph 8(a) shall be without prejudice to the execution of an obligation arising from contracts or agreements concluded before 25 October 2004.
11. The prohibition set out in paragraph 8(b) will not prevent the extension of a participation in the Burmese state-owned enterprises listed in Annex IV to Council Regulation (EC) No 817/2006, if such extension is compulsory under an agreement concluded with the Burmese state-owned enterprise concerned before 25 October 2004. However, the Bank of England must be informed prior to any such transaction.

Provision of information

12. All financial institutions and other bodies and persons in the UK are required to inform the Bank of England of all funds that they have frozen in accordance with Council Regulation (EC) No 817/2006. They must also provide the Bank of England with all relevant information necessary for ensuring compliance with Council Regulation (EC) No 817/2006.

Enquiries

13. 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
2 June 2006