STATUTORY INSTRUMENTS

2012 No. 2904

PREVENTION OF NUCLEAR PROLIFERATION

TERRORIST FINANCING AND MONEY LAUNDERING

The Financial Restrictions (Iran) Order 2012

Approved by Parliament

Made - - - -	*20th November 2012*
Laid before Parliament	*20th November 2012*
Coming into force - -	*21st November 2012*

The Treasury make the following Order in exercise of the powers conferred by paragraphs 1, 3, 9, 13 and 14 of Schedule 7 to the Counter-Terrorism Act 2008(**a**).

The Financial Action Task Force has advised that measures should be taken in relation to Iran because of the risk of terrorist financing or money laundering activities being carried on in the country.

The Treasury believe that activity in Iran that facilitates the development or production of nuclear weapons poses a significant risk to the national interests of the United Kingdom.

Citation and commencement

1. This Order may be cited as the Financial Restrictions (Iran) Order 2012, and shall come into force on 21st November 2012.

Relevant persons

2. The direction in article 4 is given to all persons operating in the financial sector(**b**) (referred to in that article as "relevant persons").

Designated persons

3.—(1) The direction in article 4 is given in relation to transactions or business relationships with the following persons (referred to in that article as "designated persons")—

(**a**) 2008 c.28. Paragraph 9 was amended by sections 48(2) and 49 of the Terrorist Asset-Freezing etc. Act 2010 (c.38).
(**b**) "Person operating in the financial sector" is defined in paragraphs 4 and 6 of Schedule 7 to the Counter-Terrorism Act 2008.

(a) a credit institution(**a**) incorporated in Iran;

(b) the Central Bank of Iran, also known as Bank Markazi Jomhouri Islami Iran;

(c) a branch, wherever located, of a person falling within sub-paragraph (a);

(d) a subsidiary(**b**), wherever located, of a person falling within sub-paragraph (a).

(2) In paragraph (1), "branch" means a place of business of a person, other than its head office, which has no legal personality separate from that person, and which carries out directly all or some of the transactions inherent in that person's business.

Direction to cease business

4. The Treasury direct that a relevant person must not—

(a) enter into, or

(b) continue to participate in,

any transaction or business relationship with a designated person.

Desmond Swayne
Mark Lancaster

20th November 2012 — Two of the Lords Commissioners of Her Majesty's Treasury

(**a**) "Credit institution" is defined in paragraph 5(1) of Schedule 7 to the Counter-Terrorism Act 2008, as substituted by section 48(1)(a) of the Terrorist Asset-Freezing etc. Act 2010 and subsequently amended by S.I. 2011/99.

(**b**) Paragraph 9(7) of Schedule 7 to the Counter-Terrorism Act 2008 provides that "subsidiary" has the meaning given by section 1159 of the Companies Act 2006 (c.46).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order contains a direction given by the Treasury, under Schedule 7 to the Counter-Terrorism Act 2008 (c.28) ("the Act"), in response to the significant risk to the UK's national interests posed by activity in Iran that facilitates the development or production of nuclear weapons and in response to a Financial Action Task Force call for measures to be taken against Iran.

The direction is given in relation to all persons operating in the UK financial sector, as defined in paragraphs 4 and 6 of Schedule 7 to the Act. The direction prohibits such persons entering into new transactions or business relationships with Iranian banks, their branches and subsidiaries, and the Central Bank of Iran, or continuing to participate in transactions or business relationships with them. The Treasury may grant licences under paragraph 17 of Schedule 7 to the Act to exempt certain acts from these prohibitions.

The Order will cease to have effect at the end of the period of one year beginning with the day it is made, in accordance with paragraph 16(4) of Schedule 7 to the Act. It replaces the Financial Restrictions (Iran) Order 2011 (S.I. 2011/2775), which ceased to have effect after one year in accordance with this provision.

A full impact assessment of the effect that this measure will have on the costs of business and the voluntary sector is available on the Treasury's website (www.hm-treasury.gov.uk) and is published with the Explanatory Memorandum alongside the instrument on www.legislation.gov.uk.

© Crown copyright 2013

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Carol Tullo, Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.

STATUTORY INSTRUMENTS

2012 No. 2904

PREVENTION OF NUCLEAR PROLIFERATION

TERRORIST FINANCING AND MONEY LAUNDERING

The Financial Restrictions (Iran) Order 2012

ISBN 978-0-11-153299-7

9 780111 532997

£4.00

E5401 01/2013 135401T 19585