EXPLANATORY MEMORANDUM TO

THE FINANCIAL RESTRICTIONS (IRAN) (REVOCATION) ORDER 2013

2013 No. 162

1. This explanatory memorandum has been prepared by the Treasury and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This Order revokes the Financial Restrictions (Iran) Order 2012 (S.I. 2012/2904) ("the 2012 Order"). The 2012 Order contained a direction requiring the United Kingdom financial sector to cease dealings with Iranian banks and their subsidiaries.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 This Order has been laid before Parliament less than 21 days before it comes into force.

3.2 The 2012 Order contains a direction prohibiting the UK financial sector dealing with Iranian banks and their subsidiaries. Effectively the same prohibition is contained in Council Regulation (EU) No. 1263/2012 of 21 December 2012 amending Regulation (EU) No. 267/2012 concerning restrictive measures against Iran (OJ L 356, 22.12.2012, p.34), which came into force on 23 December 2012. In order to minimise the regulatory burden on the financial sector and to avoid confusion, it is important that the 2012 Order is revoked as soon as possible so that two restrictions do not operate in parallel.

4. Legislative Context

4.1 This Order revokes the Financial Restrictions (Iran) Order 2012 (S.I. 2012/2904).

4.2 Council Regulation (EU) No. 1263/2012 amends Regulation (EU) No. 267/2012 concerning restrictive measures against Iran to impose a prohibition on transfers of funds between EU and Iranian credit and financial institutions. Criminal penalties for breach of the requirements of Regulation (EU) 267/202 are contained in the Iran (European Union Financial Sanctions) Regulations 2012 (S.I. 2012/925), as amended.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- What is being done and why

7.1 This Order revokes the Financial Restrictions (Iran) Order 2012 (S.I. 2012/2904). The 2012 Order contained a direction requiring the United Kingdom financial sector to cease dealings with Iranian banks and their subsidiaries.

7.2 Council Regulation (EU) No. 1263/2012, which came into force on 23 December 2012, introduced an EU-wide prohibition on transfers of funds to or from Iranian credit and financial institutions and their branches and subsidiaries. As the new EU measure effectively introduces the same prohibition as that contained in the 2012 Order, the 2012 Order is being revoked. This will simplify the compliance burden for the UK financial sector, which will only have to comply with one set of restrictions in relation to Iran.

- Consolidation

7.3 Not applicable.

8. Consultation outcome

8.1 No consultation has been carried out in relation to this Order.

9. Guidance

9.1 Guidance on current and lifted financial sanctions regimes is available on the Treasury's website. The Treasury's Asset Freezing Unit operates a free subscription email service alerting subscribers on changes to the financial sanctions measures. A dedicated telephone line and email address are available for the financial sector and any other persons to submit queries on the financial sanctions. A notice explaining the requirements introduced by Council Regulation (EU) No. 1263/2012, and the interplay with the 2012 Order, is available on the Treasury website and was emailed to subscribers.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible.

10.2 The impact on the public sector is also negligible.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation applies to small business.

11.2 To minimise the impact of the financial sanctions regimes on firms employing up to 20 people, the Treasury work with the financial sector on the requirements for complying with EU and domestic measures. The Treasury have provided detailed guidance to assist business in complying with these measures.

12. Monitoring & review

12.1 Not applicable.

13. Contact

The Asset Freezing Unit at the Treasury Tel: 020 7270 5454 or email: AFU@hmtreasury.gsi.gov.uk can answer any queries regarding the instrument.