EXPLANATORY MEMORANDUM TO

THE IRAN (SANCTIONS) (NUCLEAR) (EU EXIT) (AMENDMENT) REGULATIONS

2025 No. 1052

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Foreign, Commonwealth and Development Office and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Declaration

2.1 Stephen Doughty MP, Minister of State for Europe, North America and Overseas Territories at the Foreign, Commonwealth and Development Office, confirms that this Explanatory Memorandum meets the required standard.

2.2 Abigail Culank, Deputy Director for Sanctions at the Foreign, Commonwealth and Development Office, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 The Sanctions Directorate at the Foreign, Commonwealth and Development Office can be contacted by email at the following address with any queries regarding the instrument: fcdo.correspondence@fcdo.gov.uk. Alternatively, the department can be contacted by telephone: 0207 008 8553.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument amends the Iran (Nuclear) (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/461) ("the 2019 Regulations") following the reapplication of UN sanctions pursuant to paragraph 12 of UN Security Council ("UNSC") Resolution 2231 (2015). This instrument reflects the reapplication of UN sanctions designations and measures under UNSC Resolutions ("UNSCRs") 1737 (2006), 1747 (2007), 1803 (2008) and 1929 (2010), as well as obligations under UNSCR 2231. This will ensure that the UK meets its international obligations as a UN member state.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom ("UK").

4.3 The territorial application of this instrument is also the same as the territorial application of the instrument that it amends. That is, it applies to the whole of the UK.

4.4 This instrument also applies to conduct by UK persons where that conduct is wholly or partly outside the UK, and to conduct undertaken by any person in the territorial sea adjacent to the UK. "UK person" is defined in section 21(2) of the Sanctions and Anti-Money Laundering Act 2018 ("Sanctions Act").

5. Policy Context

What is being done and why?

5.1 The 2019 Regulations were introduced to encourage the Iranian Government to comply with UNSCR 2231 and to abandon a nuclear weapons programme, replacing the equivalent EU sanctions regime relating to Iran's nuclear weapons programmes following the UK's exit from the EU. The 2019 Regulations further seek to encourage Iran to abandon the development of nuclear weapons and related delivery systems and to restrict their ability to develop any of these items. The 2019 Regulations also implement the Joint Comprehensive Plan of Action ("JCPoA"), a deal between the E3 (the UK, France and Germany), the US, Russia, China and Iran – with the EU as coordinator – to limit the Iranian nuclear programme in exchange for sanctions relief.

5.2 On 28 August 2025, E3 Foreign Ministers notified the UNSC that we were triggering the mechanism in UNSCR 2231 to snapback UN Iran sanctions due to significant Iranian non-performance of its JCPoA commitments. UN Iran sanctions snapped back into force on 28 September 2025.

5.3 The UN sanctions that have snapped back into place include:

- A UN embargo on the transfer of conventional arms to and from Iran;
- A ban on the supply or transfer of items, materials, equipment, goods and technology which could contribute to Iran's enrichment-related, reprocessing or heavy-water related activities or development of nuclear weapon delivery system;
- Limited financial and trade restrictions related to nuclear and missile programmes; and
- 121 designations targeting those involved in Iran's nuclear and ballistic missiles programme.

5.4 In direct response to Iran's consistent and severe non-compliance with its JCPoA commitments, the E3 had maintained nuclear proliferation-related measures on Iran, as well as arms and missile embargoes, after JCPoA Transition Day on 18 October 2023. This includes an arms embargo (including transit controls), sanctions on missile- and nuclear-related goods and technology as well as import and export controls on enrichment, reprocessing and heavy water-related activities by Iran. The trade prohibitions are covered in Part 5 of the 2019 Regulations and are covered by 'restricted goods' and 'restricted technology' defined in Chapter 20 of the 2019 Regulations. Some of the designations were also maintained.

5.5 This instrument therefore makes a number of technical amendments to implement the remaining elements of UN sanctions to which Iran is now subject. Namely, it amends the purposes of the regime to remove reference to the implementation of the JCPoA, lists UNSCRs 1737, 1747, 1803 and 1929, which 'snapback' brings back into force, and amends the relevant UN obligations the UK retains under UNSCR 2231. The instrument makes a minor technical amendment to the definitions of 'missile list' goods and technologies and 'nuclear-list' goods and technologies to strictly track the definitions used by the Security Council and the Council's 1737 Committee, which oversees implementation of UN Iran sanctions.

5.6 This instrument also makes amendments to the designation criteria in the 2019 Regulations, specifically regulation 6(4) and regulation 10. The amended criteria ensure those designated by the UNSC and under UNSCRs 1737, 1747, 1803 and 1929, including by the Council's 1737 Committee, are designated.

5.7 This instrument also introduces an exception implementing the prior obligations derogation set out in paragraph 14 of UNSCR 1737, in line with the Sanctions (EU Exit) (Treasury Debt) Regulations 2025 (S.I. 2025/712) ("the Treasury Debt Regulations"). It allows payments in respect of certain sovereign debt products of His Majesty's Treasury to be made (and those payments to be enabled) either i) to a person placed under financial sanctions by the UN (a UN Designated Person or "UN DP"), or ii) to another person where the effect of making that payment is to make funds available to, or for the benefit of, a UN DP. The exception can only be used when certain conditions are met. First, the exception can only be used where the payment obligation arose prior to the UN DP being designated. Secondly, the exception also restricts the types of account into which the funds that are subject of the payment must be credited or ultimately credited. These include a frozen or relevant account, or accounts with a non-UK entity or third country central securities depository where (i) the DP is also sanctioned and (ii) the jurisdiction has 'corresponding' (as defined in the Treasury Debt Regulations) prohibitions, exceptions, and licensing grounds to the UK. Finally, the exception provides for certain reasonable steps to be taken regarding the aforementioned conditions (which are set out in the Office of Financial Sanctions Implementation's guidance on this issue).

5.8 This instrument also amends His Majesty's Treasury's licensing grounds to remove the licences available under the JCPoA since they are no longer relevant. It allows licences for relevant international commitments under UNSCR 2231. The final part of this instrument makes provision in respect of exceptions and licences that may apply or be available in respect of prohibitions and requirements under this regime. This includes amending regulation 37(5) of the 2019 Regulations regarding prior obligations to make clear that only obligations which arose when the persons were not designated can be paid, excluding obligations which arose when the persons were designated under the UNSCRs. Schedule 2 to the 2019 Regulations on Treasury Licences is also amended.

5.9 This instrument makes amendments to ensure those designated by the UN are allowed to apply for licences for activities undertaken in the period where they were not designated, as proscribed by obligations under UNSCR 2231 and the UNSCRs that would be reapplied through operative paragraph 12 of that UNSCR. It also continues to allow licences to be applied for to permit certain activities maintained under remaining UNSCR 2231 obligations.

What was the previous policy, how is this different?

5.10 The JCPoA was designed to ensure the exclusively peaceful nature of Iran's nuclear programme and was endorsed by the UNSC through UNSCR 2231, which terminated the provisions of a number of resolutions imposing sanctions on Iran. Paragraph 12 of UNSCR 2231 provides a mechanism to "Snapback" UNSCRs 1737, 1747, 1803 and 1929 following notification by a JCPoA participant State of an issue that the participant State believes constitutes significant non-performance of commitments under the JCPoA.

5.11 Since 2019 Iran has increasingly and deliberately ceased performing its JCPoA commitments. Since 2019 Iran has, inter alia, exceeded the limits it freely committed to in the JCPoA on enriched uranium, heavy water, and centrifuges; ceased allowing the International Atomic Energy Agency to conduct JCPoA verification and monitoring activities; and abandoned the implementation and ratification of the Additional Protocol to its Comprehensive Safeguards Agreement. This includes the

accumulation of a high enriched uranium stockpile which lacks any credible civilian justification and is unprecedented for a state without a nuclear weapons programme.

5.12 18 October 2025 marks "Termination Day" of the JCPoA. It was envisaged that at this date, the international community would have the reassurance necessary for the issue of Iran's nuclear programme to be removed from the UN agenda and for the relevant UNSCRs to fall away completely. However, given Iran's continued significant non-compliance with its JCPoA commitments, on 28 August 2025 the E3 invoked the "snapback" mechanism to reapply restrictions on Iran's nuclear programme. Due to Iran's non-performance, on 18 October 2023, "Transition Day", the E3 had decided to maintain many of the UN sanctions on Iran as autonomous sanctions. This means only the minor technical amendments in this instrument are required for the UK to implement its UN snapback obligations.

6. Legislative and Legal Context

How has the law changed?

6.1 As set out above, this instrument makes various amendments to the 2019 Regulations. This ensures that the UK abides by its obligations as a UN member state. This instrument re-introduces UNSC Resolutions 1737, 1747, 1803 and 1929 and the UK's obligations under those resolutions. It also amends the designation criteria and the criteria of those designated under UNSCRs.

6.2 The instrument amends the definitions of missile-list goods and technology and nuclear-list goods and technology. It also introduces exceptions relating to the payment of Treasury debts and amends an exception relating to finance prohibitions Treasury licensing purposes.

Why was this approach taken to change the law?

6.3 Amending the 2019 Regulations under the legal framework provided by the Sanctions Act was considered to be the most effective and appropriate way to change the law, to ensure that the UK continues to abide by its international obligations as a member of the UN.

7. Consultation

Summary of consultation outcome and methodology

7.1 No consultation has been carried out on this instrument. The Explanatory Memorandum to the 2019 Regulations explains that consultation has been carried out in relation to the Sanctions Act.

7.2 There is neither a requirement in the Sanctions Act for public consultation on instruments made under the Act, nor is there any other legal obligation to consult in respect of this instrument. His Majesty's Government will continue to engage with stakeholders on the implementation of UK sanctions.

8. Applicable Guidance

8.1 In accordance with section 43 of the Sanctions Act, guidance has been published in relation to the prohibitions and requirements under the 2019 Regulations. This guidance will be updated to reflect the amendments to those Regulations made by this instrument.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because no, or no significant, impact on the private, voluntary or public sector is foreseen. UK businesses must already comply with sanctions against individuals and entities appearing on a regularly updated gov.uk list. The process for notifying businesses remains unchanged, so we do not expect significant changes to IT systems or administrative changes.

9.2 The Foreign, Commonwealth and Development Office has undertaken a De Minimis Assessment to estimate costs to UK businesses resulting from this Amendment. We do not expect the costs to exceed the De Minimis threshold of £10m per annum, so a full Regulatory Impact Assessment has not been conducted. Costs to business are driven by a reduction in exports from the UK to Iran.

Impact on businesses, charities and voluntary bodies

9.3 There is no significant impact on business, charities or voluntary bodies because this is an update to existing legislation.

9.4 The legislation does not impact small or micro businesses.

9.5 There is no impact on the public sector.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 If His Majesty's Government determined that it was no longer appropriate to maintain a sanctions regime or specific sanctions measures, that regime would be removed or amended accordingly. In the case of the 2019 Regulations, that would include the measures introduced by this instrument. As such, the Minister does not consider that a review clause in this instrument is appropriate.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument contains UN obligations as defined in section 55(7) of the Sanctions Act which means that in accordance with section 55(6), it is subject to the negative resolution procedure in Parliament. It is laid before Parliament on 30 September and comes into force the next day.

11.2 As set out above, the UN sanctions which this instrument implements under UNSCRs 1737, 1747, 1803 and 1929, as well as obligations under UNSCR 2231, came into force on 28 September 2025. It was therefore not possible to amend our legislation to implement these obligations earlier.

Matters of special interest to the Joint Committee on Statutory Instruments

11.3 Urgent action is needed to bring this instrument into force. That is why it has been laid during Parliamentary recess and comes into force the day after the day on which it is laid. The UK acted with France and Germany to trigger the snapback mechanism and demonstrated this Government's commitment to the UN process by bringing it into force without delay. A failure to act without delay would risk undermining the E3's action in triggering snapback. This timing also enables us to align closely with the EU.

12. European Convention on Human Rights

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

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").