EXPLANATORY MEMORANDUM TO

THE SYRIA (EUROPEAN UNION FINANCIAL SANCTIONS) (AMENDMENT) REGULATIONS

2013 No. 877

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 These Regulations amend the Syria (European Union Financial Sanctions) Regulations 2012 (S.I. 2012/129) ("the 2012 Regulations"), which provide for enforcement of, and penalties for breaches, of EU financial sanctions in relation to Syria imposed by Council Regulation (EU) No. 36/2012 concerning restrictive measures in view of the situation in Syria ("the first Council Regulation"). These Regulations implement Council Regulation (EU) No. 325/2013 of 10 April 2013 amending Regulation (EU) No. 36/2012 concerning restrictive measures in view of the situation in Syria (OJ L 102, 11.04.2013, p.1) ("the amending Council Regulation"). The amending Council Regulation introduces an exemption from the asset-freezing measures in respect of Syrian Arab Airlines, which was added to Annex II to the first Council Regulation on 24 July 2012 by Council Implementing Regulation (EU) No. 673 of 23 July 2012. The amending Council Regulation also amends an existing asset-freezing exemption in the first Council Regulation, to allow funds to be credited to frozen accounts where payments are due under judicial, administrative or arbitral decisions rendered in a European Union Member State or enforceable in the Member State concerned.

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

3.1 None.

4. Legislative context

4.1 These Regulations amend the 2012 Regulations. They reflect amendments made by the amending Council Regulation to the first Council Regulation.

4.2 The Foreign and Commonwealth Office have proceeded on the basis that the amending Council Regulation is not required to be subjected to Parliamentary scrutiny.

5. Territorial extent and application

5.1 This instrument applies to all of the United Kingdom and, outside the United Kingdom, to British citizens and those with a UK connection.

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 These Regulations amend the 2012 Regulations, which provide for enforcement of, and penalties for breaches of, the asset freezing measures contained in the first Council Regulation, imposed in view of the situation in Syria. The first Council Regulation has direct effect, and requires Member States to put in place effective, proportionate and dissuasive penalties for infringements of the first Council Regulation.

7.2 On 11 April 2013 the EU included an exemption from the asset-freezing measures as they apply in respect of Syrian Arab Airlines. The exemption permits payments to or for the benefit of Syrian Arab Airlines, which would otherwise be prohibited by the asset freezing measures, where they are for the sole purpose of evacuating citizens of the European Union and their family members from Syria. This exemption is contained in the amending Council Regulation.

7.3 The amending Council Regulation also amends an existing asset-freezing exemption in the first Council Regulation, to allow funds to be credited to frozen accounts where payments are due under judicial, administrative or arbitral decisions rendered in a European Union Member State or enforceable in the Member State concerned.

7.4 These Regulations amend the 2012 Regulations to reflect the inclusion of the new Syrian Arab Airlines exemption and the amendment of the existing crediting of frozen accounts exemption.

- Consolidation

7.5 There are no plans to consolidate the relevant legislation.

8. Consultation outcome

8.1 No consultation has been carried out in relation to these Regulations.

9. Guidance

9.1 Guidance on the asset freezing measures in relation to Syria is available on the Treasury's website. The Treasury's Financial Sanctions team operates a free subscription email service alerting subscribers on changes to the asset freezing regime, and on other 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 asset freezing regime.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible because these Regulations do not themselves impose requirements but reflect the inclusion of, and amendments to, exemptions by the amending Council Regulation.

10.2 The impact on the public sector is also negligible.

10.3 An Impact Assessment has not been prepared for this instrument, because any impact results from the first Council Regulation rather than these Regulations.

11. Regulating small business

11.1 The legislation applies to small business.

11.2 To minimise the impact of the requirements on firms employing up to 20 people, the Treasury work with the financial sector on the requirements for complying with the asset freezing measures set out in the first Council Regulation. The Treasury have provided detailed guidance to assist business in complying with these measures.

12. Monitoring and review

12.1 The EU monitors and reviews its financial sanctions measures. The Treasury will review the penalties for breach of the restrictions imposed by the first Council Regulation if it is amended or repealed.

13. Contact

Financial Sanctions at the Treasury Tel: 020 7270 5454 or email: FinancialSanctions@hmtreasury.gsi.gov.uk can answer any queries regarding the instrument.