



Jersey Financial Services Commission

For the attention of the Chief Executive,
or equivalent, of registered persons

From the office of the Director General

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Dear Chief Executive

Financial restrictions against Iranian Banks

The purpose of this letter is to draw to your attention that the UK government has imposed a direction under Schedule 7 to the Counter-Terrorism Act 2008 requiring that UK credit and financial institutions cease all business with banks incorporated in Iran and their branches and subsidiaries. This means that with effect from 21 November 2011, UK credit and financial institutions are prohibited from entering into transactions or business relationships with these entities and from continuing existing transactions and business relationships with them, unless licensed to do so by HM Treasury. **It should be noted that these legal measures extend to all branches of UK credit and financial institutions, wherever located.**

Further details of this action are available on the HM Treasury website at: http://www.hm-treasury.gov.uk/fin_restrictions_under_cta2008.htm and on the BBC website at: <http://www.bbc.co.uk/news/uk-politics-15823622>

Until similar measures can be implemented in Jersey, all registered persons (including permit holders) are:

- Advised that the direction issued by the UK government is applicable to branches of UK credit and financial institutions located in Jersey.
- Reminded that financial sanctions against Iran in force at present under Council Regulation (EU) 961/2010 - as given effect in Jersey by the Community Provisions (Restrictive Measures - Iran) (Jersey) Order 2010 - must continue to be complied with. These sanctions measures include:
 - Duties placed on credit and financial institutions located, incorporated, constituted or conducting business in Jersey in respect of their activities with credit and financial institutions: (a) domiciled in Iran, including the Central Bank of Iran; (b) with branches and subsidiaries domiciled in Iran; and (c) that are not domiciled in Iran but are controlled by entities or persons domiciled in Iran. These include exercising increased vigilance over account activity.



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For the attention of the Chief Executive, or equivalent, of regulated businesses

23 November 2011

- Requirements in relation to the imposition of asset freezes against Iranian individuals and entities (including certain Iranian banks).
- Requirements in relation to transfers of funds to or from Iranian persons, entities or bodies depending on the purpose and value of the transfers.
- Restrictions on providing insurance or reinsurance to certain Iranian persons, entities and bodies.
- Asked to review again guidance that the Commission has published on its website dealing with proliferation of weapons and proliferation financing – which will assist registered persons to comply with legislation that is already in force in this area.
- Strongly encouraged to approach the Chief Minister's Department with any specific concerns. The Chief Minister's Department can be contacted via e-mail at international@gov.je
- Reminded that enhanced customer due diligence measures must be applied under Article 15(3A) of the Money Laundering (Jersey) Order 2008 to any business relationship or one-off transaction conducted with a person connected to Iran.
- Directed to the UK government's observation that "*Iranian banks play a crucial role in providing financial services to individuals and entities within Iran's nuclear and ballistic missile programmes*", which may be relevant when determining whether there is a basis for filing a suspicious activity report with the Joint Financial Crimes Unit.

In the particular case of Jersey subsidiaries of UK credit and financial institutions, the Commission also expects registered persons to liaise closely with parent companies in order to ensure that changes to group policies and procedures concerning Iranian business are expeditiously applied in Jersey.

Yours sincerely

John Harris
Director General