



Syria

Council Regulation (EU) No 36/2012

This Notice is issued in respect of the restrictive measures directed by the Council of the European Union in view of the situation in Syria.

This Notice draws attention to Council Regulation (EU) No 36/2012, covers certain aspects in Chapters V and VI only of the Regulation and should be read alongside the Regulation.

Introduction

1. On 9 May 2011 the Council adopted Council Regulation (EU) No 442/2011 ("Regulation 442/2011") which introduced restrictive measures on certain persons, entities and bodies identified as being responsible for the violent repression of the civilian population in Syria, and natural or legal persons and entities associated with them.
2. The Council expanded the scope of its measures against Syria by way of Regulation 878/2011 (2 September 2011), Regulation 950/2011 (23 September 2011), Regulation 1011/2011 (13 October 2011) and Regulation 1150/2011 (14 November 2011).
3. On 1 December 2011, the Council adopted Decision 2011/782/CFSP which provides for additional measures, including a prohibition on the export of telecommunications monitoring equipment for use by the Syrian regime, a prohibition on the participation in certain infrastructure projects and investment in such projects, and additional financial restrictions on the provision of financial services.
4. A Regulation has now been adopted by the Council which introduces these measures into law. In view of the extent of the amendments introduced, taken together with the various measures already adopted by means of numerous amendments to Regulation 442/2011, the Council has decided to consolidate all measures into a new regulation – Council Regulation (EU) No 36/2012 of 18 January 2012 ("the Regulation") - which repeals and replaces Regulation 442/2011.

5. This Notice covers only those elements of the Regulation for which the Treasury has responsibility in term of enforcement, namely the asset freezing measures and the new financial restrictions (see paragraphs 11-22 below).

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6. The Regulation was published in the Official Journal of the European Union, (O.J. L16, 19.1.2012, p.1) on 19 January 2012, and comes into force with effect from 19 January 2012.

7. A copy of the Regulation can be obtained from the Official Journal of the European Union website at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:016:0001:0032:EN:PDF>

Definitions

8. For the purposes of the Regulation and this Notice:

“Syrian credit or financial institution” means:

- (i) any credit or financial institution domiciled in Syria, including the Central Bank of Syria;
- (ii) any branch or subsidiary within the EU of a credit or financial institution domiciled in Syria;
- (iii) any branch or subsidiary outside the EU of a credit or financial institution domiciled in Syria;
- (iv) any credit or financial institution that is not domiciled in Syria but is controlled by one or more persons or entities domiciled in Syria.

“Syrian person, entity or body” means:

- (i) the State of Syria or any public authority thereof;
- (ii) any natural person in, or resident in, Syria;
- (iii) any legal person, entity or body having its registered office in Syria;
- (iv) any legal person, entity or body, inside or outside Syria, owned or controlled directly or indirectly by one or more of the above mentioned persons or bodies.

Freezing of Funds and economic resources (Chapter V)

9. The Regulation replicates the asset freezing measures contained in Regulation 442/2011.
10. Any existing licences issued by the Treasury under The Syria (Asset-Freezing) Regulations 2011 (S.I. 2011/1244) which authorised activities that would otherwise have been prohibited by Regulation 442/2011 are deemed as authorisations made under the new Regulation. There is

therefore no requirement that new licences be sought to replace existing licences which contain reference to Regulation 442/2011.

Additional restrictions on financial services (Chapter VI)

11. Certain additional restrictive measures introduced by the Regulation are set out in further detail below.

Syrian public or public-guaranteed bonds issued after 19 January 2012 (Article 24)

12. Article 24 prohibits the sale or purchase of Syrian public or public-guaranteed bonds issued after 19 January 2012, directly or indirectly, to or from any of the following:

- (i) the State of Syria or its Government, and its public bodies, corporations and agencies;
- (ii) any Syrian credit or financial institution;
- (iii) a natural or a legal person, entity or body acting on behalf or at the direction of a legal person, entity or body referred to under (i) or (ii);
- (iv) a legal person, entity or body owned or controlled by a person, entity or body referred to under (i), (ii) or (iii).

13. It is also prohibited to provide brokering services to any such persons with regard to Syrian public or public-guaranteed bonds issued after 19 January 2012, or to assist any such person in order to issue Syrian public or public-guaranteed bonds, by providing brokering services, advertising or any other service with regards to such bonds.

Dealing with the Syrian Banking Sector (Article 25)

14. Article 25(1) prohibits credit and financial institutions within EU jurisdiction from carrying out certain activities in relation to Syrian credit or financial institutions:

15. It is prohibited to:

- (a) open a new bank account with any Syrian credit or financial institution;
- (b) establish a new correspondent banking relationship with any Syrian credit or financial institution;
- (c) open a new representative office in Syria or to establish a new branch or subsidiary in Syria;
- (d) establish a new joint venture with any Syrian credit or financial institution.

16. Under Article 25(2) of the Regulation it is prohibited:

- (a) to authorise the opening of a representative office or the establishment of a branch or subsidiary in the EU of any Syrian credit or financial institution;
- (b) to conclude agreements for, or on behalf of, any Syrian credit or financial institution pertaining to the opening of a representative office or the establishment of a branch or subsidiary in the EU;
- (c) to grant an authorisation for taking up and pursuing the business of a credit or financial institution or for any other business requiring prior authorisation, by a representative office, branch or subsidiary of any Syrian credit or financial institution, if the representative office, branch or subsidiary was not operational before 19 January 2012;
- (d) to acquire or to extend a participation, or to acquire any other ownership interest in an EU credit or financial institution by any Syrian credit or financial institution.

Insurance and Re-insurance (Article 26)

17. Article 26(1)(a) prohibits the provision of insurance or re-insurance to:

- (i) the State of Syria, its Government, its public bodies, corporations or agencies; or
- (ii) a person acting on behalf or at the direction of a person referred to in (i).

and Article 26(1)(b) prohibits the knowing and intentional participation in activities, the object or effect of which is to circumvent the Article 26(1)(a) prohibition.

18. Article 26 also prohibits the extension or renewal of insurance and re-insurance agreements concluded before 19 January 2012 unless there is a prior contractual obligation on the part of the insurer or re-insurer to accept an extension or renewal of a policy. Compliance with agreements made prior to 19 January 2012 is not prohibited. This means existing contracts of insurance and re-insurance may run their course. Activity pursuant to existing contracts, including the payment of claims, may continue, subject to compliance with any other relevant provision of the Regulation.

19. It is not prohibited to:

- (i) provide compulsory or third party insurance to Syrian persons, entities or bodies who fall within the scope of Article 26(1)(a) where they are based in the EU or to provide insurance or re-insurance to Syrian diplomatic or consular missions in the EU;
- (ii) provide insurance, including health and travel insurance, to individuals who fall within the scope of Article 26(1)(a) when they are acting in their private capacity and re-insurance thereto;

(iii) provide insurance or re-insurance to the owner of a vessel, aircraft or vehicle chartered by the State of Syria, its Government, its public bodies, corporations or agencies and which is not listed in Annex II or IIa to the Regulation.

20. Compulsory insurance will include any insurance that the Syrian person, entity or body is required to have in order to operate in the EU Member State in which they are based. For example, employer's liability insurance covering injury or disease to their employees arising out of their employment. If you are not sure whether the insurance you provide falls into this category, please refer the details to the Treasury for consideration.

21. Determining whether an individual is acting in their private capacity for the purposes of the exemption referred to in paragraph 19(ii) will depend on the circumstances. For example, home insurance for a Syrian individual is very likely to be insurance for an individual acting in their private capacity.

22. A person, entity or body is not considered to act at the direction of the State of Syria, its Government, its public bodies, corporations or agencies where that direction is for the purposes of docking, loading, unloading or safe transit of a vessel or aircraft temporarily in Syrian waters or airspace.

ENQUIRIES

Enquiries on Chapters V and VI of the Regulation

23. Non-media enquiries, reports and licence applications concerning:

- Freezing of funds and economic resources (Chapter V); or
- Restrictions on financial services (Chapter VI).

should be addressed to:

Sanctions and Illicit Finance, Asset Freezing Unit
HM Treasury
1 Horse Guards Road
London SW1A 2HQ
E-mail: AFU@hmtreasury.gsi.gov.uk

24. Media enquiries should be addressed to the Treasury Press Office on 020 7270 5238.

Enquiries on Chapters II, III and IV of the Regulation

25. Non-media enquiries concerning:

- Export and import restrictions (Chapter II);
- Restrictions on participation in infrastructure projects (Chapter III); or
- Restrictions on financing certain enterprises (Chapter IV).

should be addressed to:

Export Control Organisation
Department for Business Innovation and Skills
3rd Floor, 1 Victoria Street
London SW1H 0ET
E-mail: eco.help@bis.gsi.gov.uk
Telephone: 020 7215 4594 / Fax: 020 7215 2635
<http://www.bis.gov.uk/exportcontrol>

Other information

26. Copies of relevant Releases, certain EU Regulations and UK legislation can be obtained from the Syria regime page on the Financial Sanctions pages of the Treasury website:

http://www.hm-treasury.gov.uk/fin_sanctions_syria.htm

HM Treasury
19/01/2012