

Notices to Members

No. 12 2012/2013 - Iran Sanctions - New United States Sanctions in Respect of Foreign Financial Institutions

August 2012

Dear Sirs

Iran Sanctions - New United States Sanctions in respect of foreign financial institutions - August 2012

The President of the United States has issued a new Executive Order ("E.O.") which further widens sanctions in respect of Iran.

The E.O. gives new sanctions authorities to both the Department of the Treasury and the Department of State. The E.O. authorizes the Secretary of the Treasury to impose financial sanctions on foreign financial institutions found to have knowingly conducted or facilitated certain significant financial transactions with the National Iranian Oil Company ("NIOC") or Naftiran Intertrade Company ("NICO") or for the purchase or acquisition of petroleum or petroleum products from Iran through any channel. In addition, the E.O. provides the Treasury with new authority to impose sanctions on foreign financial institutions found to have knowingly conducted or facilitated significant transactions for the purchase or acquisition of petrochemical products from Iran. Finally, it provides authority for the Treasury to block the property and interests in property of any person determined to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, NIOC, NICO, or the Central Bank of Iran, or the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran.

The E.O. provides authority to the Secretary of State that adds to the State Department's existing authorities under the Iran Sanctions Act and E.O. 13590, which authorized the imposition of sanctions with respect to the provision of goods, services, technology, or support for Iran's energy and petrochemical sectors.

It is not clear whether the new E.O. applies to non – United States insurers and clarification is being sought as to whether it applies to the Club. Pending such clarification it would be prudent for Members to consider that the E.O. may expose the Club to the risk of sanctions and they are advised to contact the Managers for further advice if their business has any relation to NIOC or NICO or to the purchase or acquisition of petroleum or petroleum products from Iran through any channel - Robert Searle (robert.searle@westpandi.com) or Tony Paulson (tony.paulson@westpandi.com).

Yours faithfully

For: **West of England Insurance Services (Luxembourg) S.A.**

(As Managers)

R J B Searle

Director