

Implementation Assistance Notice: Financial and Business Measures

The following information may be useful to Member States in implementing their obligations under resolutions 1737 (2006), 1747 (2007), 1803 (2008), and 1929 (2011).

Background

Resolutions 1737 (2006), 1747 (2007), 1803 (2008), and 1929 (2010) deal with two categories of financial sanctions:

The first, targeted financial sanctions, require freezing of funds, other financial assets and economic resources that are owned or controlled by designated entities and individuals, or by persons or entities acting on their behalf or at their direction, or by entities owned or controlled by them, including through illicit means (paragraphs 12 to 15 of resolution 1737 (2006), paragraph 4 of resolution 1747 (2007), paragraph 7 of resolution 1803 (2008), and paragraphs 11, 12 and 19 of resolution 1929 (2010)). The individuals and entities designated in accordance with these provisions are included in a consolidated list maintained by the United Nations Secretariat available on the Committee's website:

<http://www.un.org/sc/committees/1737/consolist.shtml>. Two Iranian financial institutions are designated:

- Bank Sepah and Bank Sepah International (resolution 1747 (2007)) and
- First East Export Bank (resolution 1929 (2010))

The second category is activity-based sanctions measures, which seek to impose restrictions on financial or business dealings with Iran under certain conditions. The resolution obliges to prevent the transfer of financial resources, technical training, advice, other services or assistance related to supply, sale, transfer, manufacture and use of the prohibited items (paragraph 6 of resolution 1737 (2006) and paragraphs 8 and 13 of resolution 1929 (2010)).

The resolution also calls for States to take measures to:

- Prevent the provision of financial services and transfer of financial assets or resources if there is information that provides reasonable grounds to believe that such services, assets or resources could contribute to Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems (paragraph 21 of resolution 1929 (2010));
- Prohibit Iranian banks from opening new branches, subsidiaries, or representative offices or establishing new joint ventures, taking an ownership interest in or establishing or maintaining correspondent relationships with banks in Member States to prevent the provision of financial services if they have information that provides reasonable grounds to believe that these activities could contribute to Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems (paragraph 23 of resolution 1929 (2010)); and
- Prohibit financial institutions of Member States from opening representative offices, subsidiaries or banking accounts in Iran if they have information that provides reasonable grounds to believe that these activities could contribute to Iran's

proliferation-sensitive nuclear activities, or the development of nuclear weapon delivery systems (paragraph 24 of resolution 1929 (2010)).

The activity-based sanctions of resolution 1929 (2010) build on those set out in resolution 1737 (2006) and resolution 1803 (2008). States are called upon to exercise vigilance over the activities of financial institutions in their territories with all banks domiciled in Iran, in particular with Bank Melli and Bank Saderat (paragraph 10 of resolution 1803 (2008)), so as to prevent such transactions contributing to proliferation-sensitive nuclear activities, or the development of nuclear weapon delivery systems.

Preambular paragraph 16 of resolution 1929 (2010) welcomes guidances issued by FATF to assist States in implementing financial provisions of Security Council resolutions on Iran.

Paragraph 22 of resolution 1929 (2010) obligates Member States to require their nationals, persons subject to their jurisdiction and firms incorporated in their territory or subject to their jurisdiction to exercise vigilance when doing business with entities incorporated in Iran or subject to Iran's jurisdiction, including those of the IRGC and IRISL, and any individuals or entities acting on their behalf or at their direction, and entities owned or controlled by them, including through illicit means, if they have information that provides reasonable grounds to believe that such business could contribute to Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems or to violations of resolutions 1737 (2006), 1747 (2007), 1803 (2008), and 1929 (2010).

Recommendations for Member States

1. The Committee encourages Member States, on a voluntary basis, to call to the attention of their banks and financial institutions doing business with Iran the relevant FATF guidances.¹
2. The Committee recalls paragraphs 20 and 30 of resolution 1929 (2010) and encourages Member States to provide to the Committee and the Panel, on a voluntary basis, information on violations of financial sanctions imposed by relevant Security Council resolutions and on freezing of Iranian assets pursuant to relevant Security Council resolutions as a factual basis to assist the Committee and the Panel in their work.
3. In order to implement the financial measures imposed in the relevant Security Council resolutions, the Committee highlights the importance of Member States, in accordance with their national authority and legislation, actively maintaining their regulatory and supervisory systems, including with respect to the provision of financial services (such as currency exchange).

¹ The Implementation of Activity-Based Financial Prohibitions of resolution 1737 (2007) and The Implementation of Financial Provisions of resolution 1803 (2008). Please note: <http://www.fatf-gafi.org/countries/d-i/islamicrepublicofiran/documents/fatfpublicstatement-16february2012.html> and [http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%20\(approved%20February%202012\)%20reprint%20May%202012%20web%20version.pdf](http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%20(approved%20February%202012)%20reprint%20May%202012%20web%20version.pdf).