

EU Implements Strengthened Iran Sanctions

On March 23, 2012, the Council of the European Union adopted Council Regulation (EU) No 267/2012 (“Regulation 267/2012”)¹, which implements the restrictive measures against Iran imposed by Council Decision 2012/35/CFSP² of January 23, 2012, and Council Decision 2012/152/CFSP³ of March 15, 2012. The Council also prohibited the export of telecommunications monitoring equipment for use by the Iranian regime through Council Regulation (EU) No 264/2012 (“Regulation 264/2012”).⁴ Regulation 267/2012 consolidates the pre-existing measures and the newly enacted measures into a single legislative text, with Regulation 264/2012 separately dealing with a specific additional measure.

This memorandum highlights the most important amendments to the EU’s Iran sanctions program, but does not attempt to summarize those pre-existing sanctions measures that remain applicable.⁵

1. OIL, NATURAL GAS, AND PETROCHEMICAL PRODUCTS

Regulation 267/2012 implements the Council’s decision to prohibit the sale, supply, transfer or export to any Iranian person, entity or body or for use in Iran of further key equipment and technology, which could be used in key sectors in the oil, natural gas, and petrochemical industry.⁶ Any new investment in these sectors is also

¹ Council Regulation (EU) No 267/2012 of 23 March 2012 concerning restrictive measures against Iran and repealing Regulation (EU) No 961/2010 ([OJ 2012 L 88/1](#)).

² Council Decision 2012/35/CFSP of 23 January 2012 amending Decision 2010/413/CFSP concerning restrictive measures against Iran ([OJ 2012 L 19/22](#)).

³ Council Decision 2012/152/CFSP of 15 March 2012 amending Decision 2010/413/CFSP concerning restrictive measures against Iran ([OJ 2012 L 77/18](#)).

⁴ See Council Decision 2012/168/CFSP of 23 March 2012 amending Decision 2011/235/CFSP concerning restrictive measures directed against certain persons and entities in view of the situation in Iran ([OJ 2012 L 87/85](#)) and Council Regulation (EU) No 264/2012 of 23 March 2012 amending Regulation (EU) No 359/2011 concerning restrictive measures directed against certain persons, entities and bodies in view of the situation in Iran ([OJ 2012 L 87/26](#)).

⁵ In this regard, further information can be found in our alert memoranda dated August 6, 2010 (http://www.cgsh.com/The_EU_Council_Tightens_Iran_Sanctions), November 5, 2010 (http://www.cgsh.com/EU_Council_Adopts_Iran_Sanctions_Implementing_Regulation), and February 1, 2012 (http://www.cgsh.com/EU_Council_Broadens_Sanctions_against_Iran).

⁶ See Article 8 and Annex VI of Regulation 267/2012.

prohibited.⁷ A list of affected “crude oil and petroleum products” is included in Annex IV to Regulation 267/2012 and a list of targeted “petrochemical products” is included in Annex V.

An exemption is provided for contracts concluded before January 23, 2012 and to be executed before July 1, 2012, in the case of oil and petroleum products,⁸ or May 1, 2012, in the case of petrochemical.⁹ To benefit from these exceptions, an entity seeking to perform a contract must notify its home Member State authority at least 20 working days in advance.

2. FINANCIAL MESSAGING SERVICES (SWIFT)

The Council prohibited the supply of specialized financial messaging services to any financial institution subject to the EU’s Iranian sanctions (including the Central Bank of Iran, Bank Tejarat and Bank Melli).¹⁰ For this reason, with effect from March 17, 2012, SWIFT has disconnected these institutions from its financial messaging services, effectively blocking any international wire transaction to the affected banks, regardless of the jurisdiction of the parties involved in the transaction.¹¹

3. PRECIOUS METALS

Regulation 267/2012 prohibits any direct or indirect trade in gold, precious metals and diamonds with the Government of Iran, its public bodies, corporations and agencies, any person, entity or body acting on their behalf or at their direction, or any entity or body owned or controlled by them.¹² This prohibition includes any form of financial or technical assistance related to these goods.

4. TELECOMMUNICATIONS

Finally, according to Council Regulation (EU) No 264/2012, which relates to the human rights situation in Iran, the supply of key equipment, technology and software capable of monitoring or intercepting internet or telephone communications to any person, entity or body in Iran or for use in Iran, as well as assistance in installing,

⁷ See Article 9 and Annex VI of Regulation 267/2012.

⁸ Article 12 of Regulation 267/2012.

⁹ Article 14 of Regulation 267/2012.

¹⁰ Council Decision 2012/152/CFSP of 15 March 2012 amending Decision 2010/413/CFSP concerning restrictive measures against Iran ([OJ 2012 L 77/18](#)), implemented through Article 30 (4) of Regulation 267/2012.

¹¹ http://www.swift.com/news/press_releases/SWIFT_disconnect_Iranian_banks.

¹² Article 15 and Annex VII of Regulation 267/2012.

operating or financing such equipment or software, requires prior government approval.
The relevant equipment is described in Annex III to Regulation (EU) 264/2012.

* * *

For additional information, please feel free to contact any of your regular contacts
at the firm if you have any questions.

CLEARY GOTTLIEB STEEN & HAMILTON LLP

NEW YORK

One Liberty Plaza
New York, NY 10006-1470
T: +1 212 225 2000
F: +1 212 225 3999

WASHINGTON

2000 Pennsylvania Avenue, NW
Washington, DC 20006-1801
T: +1 202 974 1500
F: +1 202 974 1999

PARIS

12, rue de Tilsitt
75008 Paris, France
T: +33 1 40 74 68 00
F: +33 1 40 74 68 88

BRUSSELS

Rue de la Loi 57
1040 Brussels, Belgium
T: +32 2 287 2000
F: +32 2 231 1661

LONDON

City Place House
55 Basinghall Street
London EC2V 5EH, England
T: +44 20 7614 2200
F: +44 20 7600 1698

MOSCOW

Cleary Gottlieb Steen & Hamilton LLC
Paveletskaya Square 2/3
Moscow, Russia 115054
T: +7 495 660 8500
F: +7 495 660 8505

FRANKFURT

Main Tower
Neue Mainzer Strasse 52
60311 Frankfurt am Main, Germany
T: +49 69 97103 0
F: +49 69 97103 199

COLOGNE

Theodor-Heuss-Ring 9
50688 Cologne, Germany
T: +49 221 80040 0
F: +49 221 80040 199

ROME

Piazza di Spagna 15
00187 Rome, Italy
T: +39 06 69 52 21
F: +39 06 69 20 06 65

MILAN

Via San Paolo 7
20121 Milan, Italy
T: +39 02 72 60 81
F: +39 02 86 98 44 40

HONG KONG

Bank of China Tower
One Garden Road
Hong Kong
T: +852 2521 4122
F: +852 2845 9026

BEIJING

Twin Towers – West (23rd Floor)
12 B Jianguomen Wai Da Jie
Chaoyang District
Beijing 100022, China
T: +86 10 5920 1000
F: +86 10 5879 3902

BUENOS AIRES

CGSH International Legal
Services, LLP-
Sucursal Argentina
Avda. Quintana 529, 4to piso
1129 Ciudad Autonoma de Buenos Aires
Argentina
T: +54 11 5556 8900
F: +54 11 5556 8999

SÃO PAULO

Cleary Gottlieb Steen & Hamilton
Consultores em Direito Estrangeiro
Rua Funchal, 418, 13 Andar
São Paulo, SP Brazil 04551-060
T: +55 11 2196 7200
F: +55 11 2196 7299