

Sanctions Alert

A bi-monthly summary of sanctions news and developments

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UK News

UK Government Publishes Guidance on Financial Sanctions

The guidance, published by HM Treasury, is over 55 pages long and takes the form of a “Frequently Asked Questions” Booklet. It provides detailed advice on Financial Sanctions and, amongst other things, has a specific section on sanctions and business policies and procedures.

The guidance can be viewed at: <https://www.gov.uk/government/publications/financial-sanctions-faqs>

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New UK Legislation Relating to Syrian Sanctions

New UK legislation, the Export Control (Syria Sanctions) Order 2013 (S.I. 2013/2012), implementing earlier EU changes relating to the arms embargo against Syria, will come into force on 6 September 2013 (the “Syrian Order”).

Although the EU agreed to lift the arms embargo against Syria in May 2013, the UK will continue to impose domestic controls on the supply of equipment which could be used for internal repression and on the provision of related technical and financial assistance or brokering services.

Notice to Exporters 2013/22 can be viewed at: <http://blogs.bis.gov.uk/exportcontrol/uncategorized/notice-to-exporters-201322-changes-to-eu-sanctions-against-syria-and-burma-and-related-uk-legislation/>

The Syrian Order can be viewed at: <http://www.legislation.gov.uk/uksi/2013/2012/contents/made>

An explanatory memorandum relating to the Syrian Order can be viewed at: <http://www.legislation.gov.uk/uksi/2013/2012/memorandum/contents>

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Amendment to Syria (EU Financial Sanctions) Regulations 2012

The prohibitions on credit institutions opening a new bank account with any Syrian credit or financial institution, or opening a new office, branch or subsidiary in Syria within the Syria (EU Financial Sanctions) Regulations 2012 (S.I. 2012/129) as amended, have been amended to permit derogations to these permissions where authorised by HM Treasury (with the equivalent competent authority in other Member States being able to grant a similar derogation permission).

The amendment, The Syria (EU Financial Sanctions) (Amendment No. 2) Regulations 2013 (S.I. 2013/1876), can be viewed at: <http://www.legislation.gov.uk/uksi/2013/1876/made>

The Syria (EU Financial Sanctions) Regulations 2012 (S.I. 2012/129) can be viewed at: <http://www.legislation.gov.uk/uksi/2012/129/contents/made>

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New UK Legislation Relating to Burmese Sanctions

New UK legislation, the Export Control (Burma Sanctions) Order 2013 (S.I. 2013/1964), implementing the earlier EU decision to lift all restrictive measures against Burma except the arms embargo and prohibitions on the supply of equipment which might be used for internal repression, came into force on 28 August 2013 (the “Burmese Order”).

Notice to Exporters 2013/22 can be viewed at: <http://blogs.bis.gov.uk/exportcontrol/uncategorized/>

[notice-to-exporters-201322-changes-to-eu-sanctions-against-syria-and-burma-and-related-uk-legislation/](http://www.legislation.gov.uk/ukksi/2013/1964/contents/made)

The Burmese Order can be viewed at: <http://www.legislation.gov.uk/ukksi/2013/1964/contents/made>

An explanatory memorandum relating to the Burmese Order can be viewed at: <http://www.legislation.gov.uk/ukksi/2013/1964/memorandum/contents>

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New UK Legislation Relating to North Korean Sanctions

New UK legislation, the Democratic People’s Republic of Korea (European Union Financial Sanctions) Regulations 2013 (SI 2013/1877) (the “UK Regulations”), came into force on 16 August 2013.

The UK Regulation makes provision for the enforcement of Council Regulation (EC) No. 329/2007 (the “EC Regulation”) in respect of restrictive measures against the Democratic People’s Republic of Korea. These measures include, amongst other things, the freezing of funds and economic resources of designated persons and ensuring that funds and economic resources are not made available to them or for their benefit.

The EC Regulation has recently been amended such that there are now changes to the asset-freezing provisions and the financial impositions of additional sanctions measures relating to the actions of credit and financial institutions and the sale or purchase of bonds. The UK Regulation reflects these changes.

The UK Regulation can be viewed at: <http://www.legislation.gov.uk/ukksi/2013/1877/contents/made>

An explanatory memorandum relating to the UK Regulation can be viewed at: <http://www.legislation.gov.uk/ukksi/2013/1877/memorandum/contents>

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Lloyds of London Confirms Sanctions Compliance Review

Lloyds’s of London has confirmed that its regulatory affairs team is conducting an internal review of the controls used to prevent breaches of sanctions regimes. The team’s findings are due to be published next year.

An article regarding this issue can be viewed at: <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/insurance/10264514/Lloyds-in-sanctions-inquiry.html>

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European News

EU Suspends Export Licensing to Egypt of Equipment which may be used for Internal Repression

EU Member states have agreed to suspend all licensing to Egypt for equipment which might be used to further internal repression. The suspension applies to extant licences and new applications for the Egyptian Army, Air Force, Internal Security Forces or Ministry of the Interior. The EU Council has also agreed to reassess export licences of equipment covered by the 2008 Common Position, which defines common rules governing the export of military technology to Egypt.

In response to this, the UK's Export Control Organisation (the "ECO") has said that it is reviewing licences to determine which ones may relate to equipment which could be used for internal repression. The ECO has said that it will notify parties directly if a licence is to be suspended. To date, following a preliminary review, 49 extant licences have been suspended and the relevant parties notified.

Applications for export licences for Egypt will likely be subject to longer processing times and greater levels of security.

The EU Council conclusions on Egypt can be viewed at: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/138599.pdf

Notice to Exporters 2013/23 can be viewed at: <http://blogs.bis.gov.uk/exportcontrol/uncategorized/notice-to-exporters-201323-eu-suspend-all-export-licences-to-egypt-of-any-equipment-which-might-be-used-for-internal-repression/>

Notice to Exporters 2013/24 can be viewed at: <http://blogs.bis.gov.uk/exportcontrol/uncategorized/notice-to-exporters-201324-suspension-of-extant-licences-for-egypt-and-changes-to-ogels/>

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The Zimbabwe Elections and the Current State of Sanctions

The recent Zimbabwean elections may have a significant impact on EU sanctions on the country: prior to the elections, the EU ambassador to South Africa stated that the EU would lift sanctions if the elections were "internationally recognised". International opinion remains split as to the legitimacy of the elections, and the EU has yet to come to a decision.

A lifting of EU sanctions would provide more freedom to those wishing to engage with the

Zimbabwean mining industry, particularly its diamond sector - but investors need to remain aware that other sanctions will remain in place, particularly those imposed by the US.

A link to a Debevoise & Plimpton article on this issue can be viewed at: <http://www.debevoise.com/clientupdate20130821a/>

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UN News

Security Council Deletes Two Entries from Al-Qaida Sanctions List

The UN Security Council Committee removed Mohammed Daki from its sanctions list after consideration of a delisting request from the Office of the Ombudsperson. The Committee also removed Said Youssef Ali Abu Aziza. Accordingly, the assets freeze, travel ban and arms embargo no longer apply to these two individuals.

The Committee's decisions can be viewed at: <http://www.un.org/News/Press/docs//2013/sc11099.doc.htm> and <http://www.un.org/News/Press/docs//2013/sc11104.doc.htm>

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US News

US Rejects Call to Lift Zimbabwe Sanctions

The US believes the recent election in Zimbabwe was 'seriously flawed', and a State Department spokesperson stated that targeted sanctions would remain in force despite the Southern African Development Community urging the West to remove all sanctions against Zimbabwe. The State Department spokesperson said that the US' programme of targeted sanctions would only change within "a context of credible, transparent, peaceful reforms that reflect the will of the Zimbabwean people".

An article regarding this development can be viewed at: <http://uk.reuters.com/article/2013/08/19/uk-zimbabwe-election-usa-idUKBRE97I0UA20130819>

A transcript of the State Department's briefing on this issue can be viewed at: <http://www.state.gov/r/pa/prs/dpb/2013/08/213270.htm>

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Criminal Prosecutions in Chicago for Zimbabwe Sanctions Lobbying

Two men are facing criminal prosecution in the federal District Court in Chicago for agreeing to assist President Robert Mugabe and other listed persons on the US Zimbabwe sanctions list to lobby US officials to lift sanctions in exchange for the promise of payment of \$3.4 million. Under the International Emergency Economic Powers Act, the offence carries a maximum penalty of 20 years in prison and a \$1 million fine.

A press release can be viewed at: <http://www.fbi.gov/chicago/press-releases/2013/two-chicago-men-accused-of-violating-u.s.-sanctions-by-providing-services-to-zimbabwean-officials-including-president-mugabe>

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Meggitt-USA Settles ITAR Violation Allegations

The US State Department concluded an administrative settlement with Meggitt-USA, part of the global engineering group, Meggitt Plc, to resolve alleged violations of the Arms Export Controls Act and the International Traffic in Arms Regulations. The charge related to the unauthorised export of defence articles including technical data, and violations of the terms of licence authorisations. 88% of the \$25 million

civil fine was suspended with \$3 million to be paid over a three-year period in light of Meggitt-USA's voluntary disclosure of violations.

The State Department's announcement can be viewed at: <http://www.state.gov/r/pa/prs/ps/2013/08/213483.htm>

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Treasury Makes Kingpin Act Designations

The US Treasury Department took three actions to designate new individuals under the Narcotics Trafficking Kingpin Act. These include designation of a former Venezuelan military official alleged to have aided Mexican drug cartels, a Guatemalan trafficker linked to the transnational drugs cartel Los Zetas, and five Mexican individuals linked to Jose Moreno, the leader of Mexico's Sinaloa Cartel. The Treasury also updated the aliases of seven previously listed businesses linked to the Sinaloa Cartel.

A press release regarding the Venezuelan narcotics trafficker can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2146.aspx>

A press release regarding the Guatemalan trafficker can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2145.aspx>

A press release regarding the operations on behalf of Sinaloa Cartel can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2148.aspx>

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Treasury Makes Terrorism Designations

The US Treasury Department has made a number of new designations under its Specially Designated Global Terrorist programmes. In three separate actions, OFAC has added six individuals and one business, located in Pakistan, Lebanon, Iraq and Mali, to its Specially Designated Nationals List.

Those designated include four members of Hizballah's leadership described as responsible for its Middle East operations outside of Lebanon. The designations also include an individual in Pakistan alleged to be involved in financing and other facilitation activities for Al Qa'ida, and a Madrassa in Pakistan described as a training centre for Al Qa'ida, Lashkar-e Tayyiba and Taliban fighters.

A press release regarding the Hizballah designations can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2147.aspx>

A press release regarding the Al Qa'ida and Taliban designations can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2144.aspx>

The Treasury Department did not issue a press release in connection with the Mali designation.

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