



### Syria

## Council Regulation (EU) No 1011/2011 Commercial Bank of Syria

This Notice is issued in respect of the restrictive measures directed by the Council of the European Union under Council Regulation (EU) No 442/2011 [Regulation 442/2011"] of 9 May 2011 in view of the situation in Syria.

This Notice draws attention to Council Regulation (EU) No 1011/2011 of 13 October 2011 ["Regulation 1011/2011"], provides guidance on certain aspects only of that Regulation and should be read alongside that Regulation.

### Council Regulation (EU) No 1011/2011

1. On 13 October 2011 the Council adopted Regulation 1011/2011 which amends Regulation 442/2011 by, amongst other matters, imposing an asset freeze on the Commercial Bank of Syria ["CBS"]. Regulation 1011/2011 adds Annex IIa to Regulation 442/2011, in which CBS alone is currently listed, and makes various amendments to Regulation 442/2011 to ensure that the asset freezing measures apply not only to those persons listed in Annex II but also to those listed in the new Annex IIa.
2. Annex II to Regulation 442/2011 lists persons, entities or bodies identified by the Council as being responsible for the violent repression of the civilian population in Syria, persons and entities benefiting from or supporting the regime, and natural or legal persons and entities associated with them.
3. Annex IIa to Regulation 442/2011 lists entities identified by the Council as being entities associated with the persons or entities responsible for the violent repression of the civilian population in Syria, or with persons and entities benefiting from or supporting the regime, and to which the new Article 9a (inserted into Regulation 442/2011 by Regulation 1011/2011 – see paragraph 10) applies.

4. Regulation 1011/2011 was published in the Official Journal of the European Union (O.J. L269, 14.10.2011, P.18) on 14 October 2011 and entered into force on 14 October 2011. It is directly applicable in the UK.
5. A copy of Regulation 1011/2011 can be obtained from the Financial Sanctions pages of the Treasury website: [http://www.hm-treasury.gov.uk/d/fin\\_sanc\\_councilreg\\_eu1011\\_131011.pdf](http://www.hm-treasury.gov.uk/d/fin_sanc_councilreg_eu1011_131011.pdf)
6. References to the provisions of Regulation 442/2011 in the following paragraphs of this Notice are references to such provisions as replaced or amended by Regulation 1011/2011.

#### **Asset freezing provisions**

7. Under Article 4(1) of Regulation 442/2011 all funds and economic resources belonging to, owned, held or controlled by the persons in Annex II and IIa to Regulation 442/2011 must be frozen.
8. Under Article 4(2), no funds or economic resources shall be made available, directly or indirectly, to or for the benefit of persons in Annex II and IIa.

#### **Commercial Bank of Syria ["CBS"]**

9. All funds and economic resources in the UK (and other EU Member States) as at 14 October 2011 belonging to, owned, held or controlled by the CBS (which, for the purposes of this Notice, shall be referred to as 'old funds and economic resources') must be frozen. No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of the CBS.

#### **Exception in relation to trade contract payments by or on behalf of persons in Annex IIa**

10. Regulation 1011/2011 adds an exception to the asset freezing requirement in Regulation 442/2011 in respect of persons and entities listed in the new Annex IIa. The exception, included in Regulation 442/2011 as a new Article 9a, permits any person (including a UK financial and credit institutions) to deal with funds or economic resources belonging to, or owned, held or controlled by, a person listed in Annex IIa provided that:
  - (a) the funds or economic resources which are dealt with were received after the date on which the listed person was listed (such funds and economic resources shall, for the purposes of this Notice, be referred to as 'new funds and economic resources');
  - (b) the new funds or economic resources are used to make a payment during the period of two months from the date on which the person was listed in Annex IIa;
  - (c) the payment is due under a trade contract; and

(d) the Treasury have determined that the payment will not be directly or indirectly received by a designated person.

11. The exception is intended to mitigate the impact on the Syrian people of the listing of CBS, which plays an important role in the financing of trade. By allowing CBS to continue to make payments due under "trade contracts" (see paragraph 12) for a two month period after its listing, it is anticipated that the disruption to trade will be limited, whilst the two month period will allow third parties to find alternative routes for financing trade which do not involve a listed bank. However, the exception only permits the use of funds and economic resources which are received by CBS after the date of its listing (i.e. 'new funds and economic resources').
12. The payments that are permitted under this exception are those which are due under "trade contracts". This is not a defined term in Regulation 1011/2011 but the Treasury consider payments due under "trade contracts" to include any payment which relates to the financing of trade (letters of credit, for example). Trade contracts that fall within this exception include those to which CBS is not itself party, but in relation to which payment will be made by CBS. For example, a payment from a Syrian importer to a UK exporter, where payment is to be made by CBS on the Syrian importer's behalf, would be construed as a payment due under a trade contract for the purposes of the Article 9a exception.
13. As set out in paragraph 10(d) above, before any trade contract payment can be made under the exception, it must first be referred to the Treasury for confirmation that the payment will not be directly or indirectly received by a designated person.
14. Applications for such confirmation should be made to the Treasury's Asset Freezing Unit by email to [AFU@hmtreasury.gsi.gov.uk](mailto:AFU@hmtreasury.gsi.gov.uk) and should state the subject only as 'SYRIA CONFIRMATION'.

#### **Effect of Article 9a exception in practice**

15. The Article 9a exception effectively enables new trade contracts to be entered into during the two month period from today's date which would require payments to be made by CBS. However, it should be noted that if such contracts are entered into, any payments by CBS in relation to those contracts can only take place under the Article 9a exception if they themselves are made within such two month period and are paid from 'new funds and economic resources'.

16. Separately, a licensing ground exists in Article 9 of Regulation 442/2011 which allows the Treasury to issue licences authorising the release of funds and economic resources to allow a listed person to make payments which are due under contracts or agreements that were concluded by, or under obligations that arose for, the designated person prior to the date the person was listed, provided that the payment is not directly or indirectly received by a designated person. In the case of CBS, only 'old funds and economic resources' (i.e. those frozen as of today's date) may be unfrozen to make payments under Article 9 licences.
17. Licence applications should be made to the Treasury's Asset Freezing Unit by email to [AFU@hmtreasury.gsi.gov.uk](mailto:AFU@hmtreasury.gsi.gov.uk) and should state the subject only as 'SYRIA LICENCE APPLICATION'.
18. In two months' time, CBS will no longer be able to make payments out of 'new funds and economic resources' under the Article 9a derogation, and only payments due under prior contracts, agreements or obligations may be made, provided a Treasury licence has been issued under Article 9.

#### **Payments to persons listed in Annex IIa**

19. The prohibition on making funds or economic resources available to a listed person does not apply to the addition to frozen accounts of:
  - interest or other earnings on those accounts; or
  - payments due under contracts, agreements or obligations, that were concluded or arose before the date on which the account became subject to Regulation 442/2011;provided that any such interest, other earnings and payments are frozen.
20. The prohibition does not prevent financial or credit institutions in the EU from crediting frozen accounts where they receive funds transferred to the account of a listed natural or legal person, entity or body, provided that any additions to such accounts are also frozen. Financial or credit institutions are required to inform the Treasury of any such credits without delay.
21. In the case of any person listed in Annex IIa, any funds credited to such person's accounts in the circumstances described in paragraphs 19 and 20 above during the two month period following the date of that person's listing may be unfrozen under the terms of the Article 9a trade contract payments exception.

## **Amendments to Annex II to Regulation 442/2011**

22. Regulation 1011/2011 also adds further identifiers to the details of three individuals in Annex II to Regulation No 442/2011.

23. Details of the amendments are set out in the Annex to this notification.

## **Consolidated List**

24. The Treasury's Consolidated List of persons subject to financial sanctions in effect in the UK, which is maintained on the Treasury website, has been updated to reflect the addition of the Commercial Bank of Syria and the amendments made to Annex II.

## **Reporting requirements**

25. Relevant institutions and other persons are requested to check whether they maintain any accounts or otherwise hold any funds or economic resources for the persons set out in the Annex to this Notice whose details have been added in Annex IIa to Regulation 442/2011 or amended in Annex II, and, if so, they must freeze such accounts or other funds and, unless licensed by the Treasury, refrain from making available funds and/or economic resources to such persons.

26. Relevant institutions must report their findings to the Treasury, together with any additional information that would facilitate compliance with Regulation 442/2011.

27. Where a relevant institution has already reported details of accounts, other funds or economic resources held frozen for any of the persons in Annex II, they are not required to report these details again.

## **Other information**

28. Copies of relevant Releases, 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](http://www.hm-treasury.gov.uk/fin_sanctions_syria.htm).

## **Enquiries**

29. Non-media enquiries, reports and licence applications should be addressed to:

Asset Freezing Unit, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ

E-mail: [AFU@hmtreasury.gsi.gov.uk](mailto:AFU@hmtreasury.gsi.gov.uk)

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

HM Treasury  
14/10/2011

**ANNEX TO NOTICE****FINANCIAL SANCTIONS: SYRIA****COUNCIL REGULATION (EU) NO 1011/2011**

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**ANNEX IIa TO COUNCIL REGULATION (EU) NO 442/2011****NEW DESIGNATION****Entity****COMMERCIAL BANK OF SYRIA**

Address: (1) Aleppo Branch, PO Box 2, Kastel Hajjarin St, Aleppo, Syria

(2) Damascus Branch, PO Box 933, Yousef Azmeh Square, Damascus, Syria

(3) Damascus Branch, PO Box 2231, Moawiya St, Damascus, Syria

Other Information: State-owned bank providing financial support to the regime. SWIFT/BIC CMSY SY DA - all offices worldwide (NPWMD). Website <http://cbs-bank.sy/En-index.php>. Tel +963 11 2218890. Fax +963 11 2216975. General management [dir.cbs@mail.sy](mailto:dir.cbs@mail.sy).

Group ID: 12203

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**AMENDING ANNEX II TO COUNCIL REGULATION (EU) NO 442/2011****AMENDMENTS**

Added information appears in italics and is underlined.

**Individuals****1. AKHRAS, Tarif**

*DOB: --/--/1949*

*POB: Homs, Syria*

Other Information: Founder of the Akhras Group (commodities, trading, processing and logistics), Homs. Provides economic support for the Syrian regime.

Group ID: 12060

**2. ANBOUBA, Issam**

*DOB: --/--/1949*

*POB: Lattakia, Syria*

Position: President of Issam Anbouba Est. for agro-industry

Other Information: Provides economic support for the Syrian regime.

Group ID: 12061

**3. GHRAIWATI, Emad**

*DOB: --/03/1959*

*POB: Damascus, Syria*

Position: President of the Damascus Chamber of Industry (Zuhair Ghraiwati Sons)

Other Information: Provides economic support for the Syrian regime.

Group ID: 12059