

## SANCTIONS - UPDATE

Dear Sirs,

### Sanctions - update

The purpose of this Circular is to update the Members of Gard P. & I. (Bermuda) Ltd and Assuranceforeningen Gard - gjensidig - (hereafter individually called the "Association" and collectively the "Associations") of recent developments with regard to Iran and Syria sanctions.

### US sanctions

On 31 December 2011 the U.S. adopted new measures against Iran's Central bank as well as the Iranian banking sector. Pursuant to the National Defense Authorization Act of 2012 section 1245 it is now possible to impose penalties on non-U.S. financial institutions engaged in financial transactions with the Iranian Central Bank or other Iranian banks.

The new measures on financial transactions related to sale or purchase of petroleum and petroleum products to or from Iran takes effect six months after the signing of the Bill, i.e. 31 December 2011. Sanctions on other transactions will take effect 60 days after the date of the signing of the Bill.

Additionally the U.S. Senate is currently considering the proposed Iran, North Korea, and Syria Sanctions Consolidation Act of 2011, which already has passed the House of Representatives. The proposed legislation provides that a vessel may not knowingly land at any port in the United States to load or unload cargo or engage in the trade of goods or services if the vessel entered a port in Iran, North Korea, or Syria during the 180-day period preceding arrival of the vessel at the port in the United States. Furthermore a vessel's owner, charterer, operator or master will be required to certify that the vessel did not enter an Iranian, North Korean or Syrian port for 180 days prior to calling at a U.S. port. The penalty for a false certification would result in the vessel being barred from the US for at least two years. It is likely that these new measures will be enacted in near future.

### EU Sanctions

#### Iran

On 23 January 2012 the European Union imposed new additional measures against Iran.

#### Council Decision 2012/35/CFSP

Some of the new restrictive measures are as follows:

- i) Prohibition on import, purchase or transport of Iranian crude oil, petroleum products and petrochemical products;
- ii) Prohibition on providing, directly and indirectly, financing or financial assistance as well as insurance and reinsurance, related to the import, purchase or transport of Iranian crude oil, petroleum products and petrochemical products;
- iii) Prohibition on the sale, supply or transfer of key equipment and technology for the Iranian petrochemical industry;
- iv) Prohibition on providing technical assistance, training or other services related to key equipment and technology for the Iranian petrochemical industry;
- v) Prohibition on providing financing or financial assistance for any sale, supply, transfer or export of key equipment and technology for the Iranian petrochemical industry;

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For and on behalf of an entity of the Gard Group comprising, inter alia; Gard P. & I. (Bermuda) Ltd, Assuranceforeningen Gard - gjensidig - and Gard Marine & Energy Limited. Gard AS is registered as an insurance intermediary by the Norwegian Financial Supervisory Authority. Company Code : 982 132 789

- vi) Prohibition on granting any loans or credit to enterprises in or outside Iran engaged in the Iranian petrochemical industry.

There is a grace period in relation to pre-existing contracts. Contracts relating to import, purchase and transport of Iranian crude oil and petroleum products concluded before 23 January 2012 or ancillary contracts necessary for the execution of such contracts can be executed until 1 July 2012.

Similarly contracts concluded prior to 23 January 2012 related to import, purchase and transport of Iranian petrochemical products or ancillary contracts necessary for the execution of such contracts can be executed until 1 May 2012.

There is further an exception with respect to the execution of obligations provided for in contracts concluded before 23 January 2012 or in ancillary contracts necessary for the execution of such obligations where the supply of crude oil, petroleum products or petrochemical products or the proceeds derived from their supply are for the reimbursement of outstanding amounts with respect to contracts concluded before 23 January 2012 to persons or entities within the EU, where those contracts specifically provide for such reimbursements.

Pre 23 January 2012 contracts related to sale, supply or transfer of key equipment and technology for the Iranian Petrochemical Industry is also exempted. The same applies to contracts regarding technical and financial assistance related to key equipment and technology for the Petrochemical industry.

The Decision requires an implementing regulation before the new measures is directly binding on individuals and entities. Such implementing regulation is expected shortly.

#### Council Regulations 54/2012 and 56/2012

Council Implementing Regulation 54/2012 extends the asset freeze measures already in place pursuant to Regulation 961/2010. Further entities and individuals such as the Central Bank of Iran, Bank Tejerat and Tidewater Middle East Co have been added to the list of those subject to asset freeze.

Council Regulation 56/2012 permits certain transactions made by the Central Bank of Iran and Bank Tejerat. Permissions will have to be determined by the competent authority of the relevant Member State on a case-by-case basis.

More information on the new EU measures against Iran can be found on:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:019:0022:0030:EN:PDF>

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:019:0001:0005:EN:PDF>

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:019:0010:0011:EN:PDF>

#### Syria

As a consequence of the deteriorating and serious situation in Syria, the EU has increased the restrictive measures against Syria.

Council Regulation 36/2012 dated 18 January 2012 consolidates the previous measures already adopted in relation to Syria. This regulation repeals and replaces Council Regulation 442/2011 having been amended and extended several times.

The prohibitions set out in the previous regulations will remain in force, including but not limited to the prohibition of sale, supply, transfer or export of listed equipment which may be used for internal repression as well as import of crude oil or petroleum products exported or originated from Syria.

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Council Regulation 36/2012 introduces several new measures, including but not limited to:

- i) Prohibition on direct or indirect sale, supply, transfer or export of equipment, technology and software that may be used for monitoring or interception of internet and telecommunication;
- ii) Prohibition on providing telecommunication or internet monitoring or interception services of any kind to or for the direct or indirect benefit of the Syrian regime;
- iii) Prohibition on the direct or indirect sale, supply, transfer or export of key equipment and technology for certain sectors in the Syrian petroleum industry;
- iv) Prohibition on the provision of insurance and re-insurance to the Syrian regime or any person or entity acting on behalf of or at the direction of the Syrian regime.

There are also new measures and prohibitions in place in relation to investment and participation in certain infrastructure projects as well further restrictions on financial services.

Finally Council Implementing Regulation 55/2012 dated 23 January 2012 adds a number of entities and individuals to the list of those who are subject to asset freeze.

More information on the new EU measures against Syria can be found on:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:016:0001:0032:EN:PDF>

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:019:0006:0009:EN:PDF>

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With respect to the Club's position on cover Members are recommended to review Gard Circulars no 1/2010, 24/2010 and 15/2011 (available at [www.gard.no](http://www.gard.no)), which describes various Rule changes deemed necessary to ensure that the Associations do not become subject to sanctions. The Rules changes outlined in Circular 1/2010 were effective as from 23 April 2010. Please note in particular the information concerning the new Rule 24.3 - Termination of entry, and the new Rule 25.4 - Cesser (corresponding Rules for Mobile Offshore Units being Rule 15.3 and 16.4). The rule changes outlined in Circular 24/2010 were effective as from 20 February 2011. Attention should in particular be drawn to Rule 77 - Administrative costs, insolvency and sanctions etc. (corresponding Rule for MOUs being Rule 30). Reference is also made to Section 26 of the Terms and Conditions for Gard Additional Covers. The latest rule changes outlined in Circular 15/2011 will take effect as from 20 February 2012.

Finally we would also like to refer to our Circular 7/2010 in which attention was drawn to the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 as well as Resolution 1929 by the United Nations Security Council.

Please contact Gard's Group Legal Department if you have any questions with regard to the above.

Yours faithfully,  
**GARD AS**



Claes Isacson  
Chief Executive Officer

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