

ClientAlert

International Trade

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EU expands sanctions against Iran - bans the supply of financial messaging services to listed entities

On 15 March 2012, the Council of the European Union (EU) adopted Decision 2012/152/CFSP **prohibiting the supply of specialised financial messaging services** to the persons and entities subject to the asset freeze under the EU Iran sanctions regime.¹

In a move to tighten existing sanctions against Iran and to pressure Iranian leaders to abandon plans to further develop a nuclear programme, **Decision 2012/152/CFSP amends Decision 2010/413 concerning restrictive measures against Iran** to include a prohibition of the supply to banks (such as Bank Mellī, Bank Tejarat and the Central Bank of Iran) of financial messaging services for the exchange of financial data. All banks that are included in the list of parties to which the provisions on the freezing of funds and the restrictions with respect to the making available of economic resources apply will be affected.²

SWIFT, the EU-based dominant financial messaging service for international transactions, has announced it will halt service for the Iranian banks included in the EU's list of designated parties, i.e. effectively disconnect them from the system.³ As a consequence, **none of the banks that are included in the asset freeze list will be able to make or receive payments** related to international transactions **using SWIFT services** (or the services of similar service providers falling under EU jurisdiction), including - but not limited to - those for sales of crude oil.

This ban and SWIFT's decision to block services for listed banks are expected to affect financial transactions with Iranian companies worldwide. SWIFT provides the secure private network used by most banks worldwide to send payment messages to each other, which then lead to the actual fund transfers.

For a description of the other features of the EU's Iran Sanctions regime, see our previous alerts from [26 January 2012](#) and [29 October 2010](#).

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¹ [Council Decision 2012/152/CFSP of 15 March 2012 amending Decision 2010/413/CFSP](#) concerning restrictive measures against Iran.

² See Annexes I and II of [Decision 2010/413](#), as amended by [Council Decision 2012/35/CFSP](#).

³ See SWIFT's press release of 15 March 2012, at http://www.swift.com/news/press_releases/SWIFT_disconnect_Iranian_banks.