

Sanctions - update

Dear Sirs,

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

Members have previously been informed of the impact of the recent developments in relation to EU¹ and US² Iran sanctions through FAQs (Frequently Asked Questions) prepared by the International Group³. Below are highlighted some of the recent restrictive measures.

Members are also reminded of the Associations cover exclusion provisions in relation to Sanctions⁴, including cesser and termination provisions. More information about these is available at www.gard.no⁵.

EU Sanctions

On 22 December 2012 the Council Regulation 1263/2012 came into force amending Regulation 267/2012. Some of the new restrictive measures are as follows:

- Prohibition on the purchase, transport or import into EU of Iranian natural gas or natural gas that has been exported from Iran;
- Prohibition on insurance and reinsurance related to purchase, transport or import of such natural gas;
- Ban on sale, supply, transfer or export of graphite and raw or semi-finished metals to any Iranian entity or for use in Iran;

¹ IG EU Iran FAQ dated 29 January 2013: <http://www.igpandi.org/News+and+Information/News/2013/232>

² IG US Iran FAQ dated 30 May 2013: <http://www.igpandi.org/downloadables/news/news/US%20sanctions%20FAQs%20-%20Rev%201%202013%2005%2030.pdf>. Please also see Gard US Iran FAQ dated 11 June 2013: <http://www.gard.no/ikbViewer/go/target/20734353>

³ The International Group of P&I Clubs

⁴ See Rules 24.3, 25. 4 and 77.2 and 3 in the Rules for Ships and Rules 15.3, 16.4 and 30.3 and 4 in the Rules for mobile offshore units. See also Section 13, 14 and 26 of the Terms and Conditions for Gard Additional Covers.

⁵ Members are recommended to review Gard Circulars nos 1/2010, 24/2010, 15/2011, which describes various Rule changes deemed necessary to ensure that the Associations do not become subject to sanctions. For a more details on the various provisions please see our *Guidance to Statutes and Rules* <http://www.gard.no/ikbViewer/page/iknowbook/go/target/6687>

- Ban on the supply of vessels designed for transport or storage of oil and petrochemical products to any Iranian entity or any other entity, unless the providers of vessels have taken appropriate action to prevent the vessel from being used to carry or store oil or petrochemical products that originate in Iran or have been exported from Iran;
- Ban on sale, supply, transfer or export of key naval equipment and technology to any Iranian entity or for use in Iran;
- Ban on provision of various services, including classification services, surveys and inspections, to Iranian flagged cargo vessels or vessels owned, chartered or operated by an Iranian entity; or
- Prohibition on fund transfer between EU financial institutions and Iranian domiciled or controlled financial institutions.

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

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:356:0034:0054:EN:PDF>

US sanctions

The National Defense Authorization Act for Fiscal Year 2013 includes a subsection named the Iran Freedom and Counter-Proliferation Act of 2012 (IFCA) which will come into effect on 1 July 2013. The IFCA imposes a number of extraterritorial sanctions on foreign entities that engage in transactions with Iran.

Key measures in IFCA include:

- Imposition of sanctions on persons deemed to have knowingly engaged in activities with Iranian entities operating ports in Iran and entities involved in the energy, shipping and shipbuilding sectors of Iran;
- Imposition of sanctions on persons involved with entities knowingly providing significant financial, material, technological, or other support to, or goods or services in support of, any activity or transactions on behalf of or for the benefit of; a person determined to be part of the energy, shipping, or shipbuilding sectors of Iran; a person determined to be operating a port in Iran; or any Iranian person included on the Specially Designated Nationals list;
- Prohibition on knowingly selling, supplying or transferring to or from Iran, significant goods or services used in connection with the energy, shipping or shipbuilding sectors;
- Ban on knowingly providing underwriting services, insurance or reinsurance for most activities barred under U.S. sanctions laws, or where such insurance benefits an Iranian entity in the energy, shipping or shipbuilding sectors, regardless of whether such Iranian entity is an assured;
- Ban on knowingly selling, supplying or transferring precious metals, graphite, or raw or finished metals (including steel and aluminium) to or from Iran.

Furthermore, on 3 June 2013, the U.S. President signed an Executive Order (E.O) authorizing the implementation of certain measures set forth in the IFCA as well as additional sanctions with respect to Iran. These additional sanctions with respect to Iran include targeting certain transactions related to the Iranian currency and persons that materially assist Specially Designated Nationals. The E.O will also come into effect on 1 July 2013.

More information on IFCA and the Executive Order can be found on:

http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran_eo_06032013.pdf

<http://www.treasury.gov/resource-center/faqs/Sanctions/Pages/answer.aspx#313>

Any questions regarding these issues can be directed to Kjetil Eivindstad (Chief Legal Counsel,) email: kjetil.eivindstad@gard.no, Sara Burgess (Senior Vice President) email: sara.burgess@gard.no, Claudia Botero-Gotz (Senior Lawyer in Defence Claims) email: claudia.gotz@gard.no or Tore Svinøy (Senior Lawyer in Gard's legal department) email: toreandre.svinoy@gard.no.

Yours faithfully,
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Claes Isacson
Chief Executive Officer