HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

25 Jun 2008

Decision of the Council of the European Union 2008/475/EC

Our Ref.: B10/1C

25 June 2008

The Chief Executive
All authorized institutions

Dear Sir/Madam,

Decision of the Council of the European Union 2008/475/EC

I am writing to inform you that on 24 June 2008 the Council of the European Union published its Council Decision 2008/475/EC implementing Article 7(2) of Council Regulation (EC) No 423/2007 ("EC Regulation"), amending Annex V to the EC Regulation to introduce financial sanctions against Melli Bank Plc ("MB") and its parent Bank Melli Iran ("BMI"). MB was incorporated in the UK and operates a branch in Hong Kong ("MBHK"). The sanctions imposed by the EC Regulation include freezing of funds and economic resources belonging to, owned, held or controlled by the persons and entities listed in Annex V to the EC Regulation, and a prohibition against making funds or economic resources available, directly or indirectly, to or for the benefit of those listed persons and entities.

The EC Regulation is given effect to in the UK by the Iran (European Communities Financial Sanctions) Regulations 2007. HM Treasury of the United Kingdom issued a notice on 24 June 2008 in respect of the financial sanctions against BMI and MB ("Notice"). The Notice and its supplement can be found on the website of HM Treasury of the United Kingdom (http://www.hm-treasury.gov.uk./documents/financial_services/sanctions/releases/fin_sanctions_newsindex.cfm).

You are advised to consider carefully the implications of the latest development for your institution if you have any relationship with the listed persons and entities. You are also reminded to browse the above website regularly for the latest information.

You may also wish to note that the Monetary Authority ("MA") has, on the advice of and after consultation with the Financial Secretary, exercised his powers under section 52(1)(A) of the Banking Ordinance in the public interest to impose restrictions on MB in respect of the affairs, business and property of MBHK. The primary objective of these restrictions is to provide a measure of protection to the existing and potential depositors of MBHK.

Under these restrictions, MBHK shall stop all payments and shall not engage in new business including the taking of new deposits in Hong Kong except with the approval of the

MA. Customers with deposits maintained with MBHK may however withdraw their deposits without the approval of the MA up to an aggregate maximum of HK$150,000 or equivalent in any foreign currency.

Yours faithfully,

Arthur Yuen
Executive Director
(Banking Supervision)