

# MARKET BULLETIN

REF: Y5057

<b>Title</b>	Iran, Syria, North Korea, Crimea, Cuba and Sudan settlements
<b>Purpose</b>	To inform the Market of the processing requirements of Central Settlement for certain sanctioned territories
<b>Type</b>	Event
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<b>Date</b>	20/01/2017
<b>Deadline</b>	Effective immediately

## Background

Following previous Lloyd's guidance and alerts to the Market during 2016, and in light of the acquisition of Xchanging by CSC, the following requirements are to be implemented by the Market with immediate effect:

### 1. Business involving Iran, Syria, North Korea and Crimea

Transactions (premium, claims and other sums) relating to Iran, Syria, North Korea or Crimea can only be processed through Central Settlement if they are settled in GBP. Managing agents and brokers must ensure that such transactions are **denominated in GBP** when sent to Xchanging for processing through Central Settlement.

Transactions for other settlement currencies (except for USD, which remains prohibited due to the broad US sanctions regime in place for these territories) will have to be settled outside of Central Settlement (directly between the managing agent and the broker), although Xchanging has indicated that it is able to perform the "non-cash" processing element. Xchanging will be providing further detailed

guidance to the Market covering the processing of these transactions and other compliance requirements.

## **2. Business involving Cuba**

Xchanging has indicated that it is unable to process any Cuban business (either cash or non-cash) and therefore transactions in all currencies (excluding USD, which is prohibited) will have to be processed and settled directly between the managing agent and the broker without involving Xchanging and Central Settlement.

## **3. Business involving Sudan**

On 17 January 2017, OFAC General License (31 CFR 538.540) ("General License .540") came into force pursuant to the US Sudanese Sanctions Regulations. General License .540 authorises many transactions previously prohibited for US persons, including the processing of transactions involving persons in Sudan (except persons designated under other US sanctions programs including the Darfur, terrorism, narcotics trafficking or weapons proliferation programs) and the importation or exportation of goods and services from/to Sudan. Therefore, processing transactions in USD and via US banks generally is authorised by General License .540 and will be processed by Xchanging regardless of currency (subject to compliance with the terms of General License .540 and other OFAC sanctions). Financial transactions with the Government of Sudan are also authorised pursuant to the general licence set forth in 31 CFR 596.503 of the OFAC's Terrorism List Governments Sanctions Regulations, which continue to apply because Sudan remains designated as a state sponsor of terrorism. Any future changes to General License .540 will be communicated to the Market.

## **4. Lloyd's Asia (Singapore) / Lloyd's Insurance Company China Ltd ("LICCL")**

The Market is reminded (in line with previous advice in 2016) that service companies participating in Lloyd's International Shared Services ("LISS") and all Underwriting Divisions of Lloyd's China cannot process any transactions relating to Iran, Syria, North Korea, Crimea or Cuba, irrespective of currency. Please refer to the guidance issued by Lloyd's Asia and LICCL for further details.

## **5. Designated Parties ("DP")**

Xchanging will not process (cash or non-cash) transactions involving DPs on the following lists:

- Consolidated United Nations Security Council Sanctions List – individuals and entities subject to sanctions measures imposed by the UN;
- Consolidated list of persons, groups and entities subject to EU financial sanctions – asset freeze targets and persons subject to restrictive measures imposed by the European Union;
- Consolidated list of financial sanctions targets in the UK – asset freeze targets and persons subject to restrictive measures imposed by the UK;

- US Office of Foreign Assets Control (“OFAC”) Specially Designated Nationals (“SDN”) and Blocked Persons List. NB: this does not include entities that are on OFAC’s Sectoral Sanctions Identification List (“SSI”).

## 6. Ongoing responsibility

Compliance Officers at managing agents and brokers must ensure that all relevant staff – including all Underwriting and Claims staff – are made aware of and adhere to this Market Bulletin.

The responsibility of managing agents and brokers to ensure that they comply with applicable international sanctions legislation remains unchanged. Managing agents and brokers intending to undertake transactions involving Iran, Syria, North Korea, Crimea or Cuba must comply with all applicable sanctions, must not involve US persons (including not using USD) and should discuss with their banks their ability to process payments connected to such business.

### Further information

Any questions regarding this bulletin should be directed to:

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